

AMENDMENTS TO LB 988

Introduced by Education.

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 77-1327, Revised Statutes Supplement,
4 2007, is amended to read:

5 77-1327 (1) It is the intent of the Legislature that
6 accurate and comprehensive information be developed by the Property
7 Tax Administrator and made accessible to the taxing officials
8 and property owners in order to ensure the uniformity and
9 proportionality of the assessments of real property valuations
10 in the state in accordance with law and to provide the statistical
11 and narrative reports pursuant to section 77-5027.

12 (2) All transactions of real property for which the
13 statement required in section 76-214 is filed shall be available
14 for development of a sales file by the Property Tax Administrator.
15 All transactions with stated consideration of more than one hundred
16 dollars or upon which more than two dollars and twenty-five
17 cents in documentary stamp taxes are paid shall be considered
18 sales. All sales shall be deemed to be arm's length transactions
19 unless determined to be otherwise under professionally accepted
20 mass appraisal techniques. The Department of Revenue shall not
21 overturn a determination made by a county assessor regarding the
22 qualification of a sale unless the department reviews the sale and
23 determines through the review that the determination made by the

1 county assessor is incorrect.

2 (3) The Property Tax Administrator annually shall make
3 and issue comprehensive assessment ratio studies of the average
4 level of assessment, the degree of assessment uniformity, and the
5 overall compliance with assessment requirements for each major
6 class of real property subject to the property tax in each county.
7 The comprehensive assessment ratio studies shall be developed in
8 compliance with professionally accepted mass appraisal techniques
9 and shall employ such statistical analysis as deemed appropriate
10 by the Property Tax Administrator, including measures of central
11 tendency and dispersion. The comprehensive assessment ratio studies
12 shall be based upon the sales file as developed in subsection
13 (2) of this section and shall be used by the Property Tax
14 Administrator for the analysis of the level of value and quality
15 of assessment for purposes of section 77-5027. ~~and by the Property~~
16 ~~Tax Administrator in establishing the adjusted valuations required~~
17 ~~by section 79-1016.~~ Such studies may also be used by assessing
18 officials in establishing assessed valuations.

19 (4) For purposes of determining the level of value of
20 agricultural and horticultural land subject to special valuation
21 under sections 77-1343 to 77-1348, the Property Tax Administrator
22 shall annually make and issue a comprehensive study developed in
23 compliance with professionally accepted mass appraisal techniques
24 to establish the level of value if in his or her opinion the level
25 of value cannot be developed through the use of the comprehensive
26 assessment ratio studies developed in subsection (3) of this
27 section.

1 (5) The Property Tax Administrator may require assessors
2 and other taxing officials to report data on the assessed valuation
3 and other features of the property assessment for such periods and
4 in such form and content as the Property Tax Administrator shall
5 deem appropriate. The Property Tax Administrator shall so construct
6 and maintain the system used to collect and analyze the data to
7 enable him or her to make intracounty comparisons of assessed
8 valuation, including school districts, as well as intercounty
9 comparisons of assessed valuation, including school districts. The
10 Property Tax Administrator shall include analysis of real property
11 sales pursuant to land contracts and similar transfers at the time
12 of execution of the contract or similar transfer.

13 Sec. 2. Section 77-3442, Revised Statutes Supplement,
14 2007, is amended to read:

15 77-3442 (1) Property tax levies for the support of local
16 governments for fiscal years beginning on or after July 1, 1998,
17 shall be limited to the amounts set forth in this section except as
18 provided in section 77-3444.

19 (2) (a) Except as provided in subdivision (2) (e) of this
20 section, school districts and multiple-district school systems,
21 except learning communities and school districts that are members
22 of learning communities, may levy a maximum levy of one dollar and
23 five cents per one hundred dollars of taxable valuation of property
24 subject to the levy.

25 (b) For each fiscal year, learning communities may levy
26 a maximum levy for the general fund budgets of member school
27 districts ~~equal to the local effort rate prescribed in section~~

1 ~~79-1015.01 for such fiscal year.~~ of ninety-five cents per one
2 hundred dollars of taxable valuation of property subject to the
3 levy. The proceeds from the levy pursuant to this subdivision shall
4 be distributed pursuant to section 79-1073.

5 (c) Except as provided in subdivision (2)(e) of this
6 section, for each fiscal year, school districts that are members
7 of learning communities may levy for purposes of such districts'
8 general fund budget and special building funds a maximum combined
9 levy of the difference of one dollar and five cents on each one
10 hundred dollars of taxable property subject to the levy minus
11 the learning community levies pursuant to subdivisions (2)(b) and
12 (2)(g) of this section for such learning community.

13 (d) Excluded from the limitations in subdivisions (2)(a)
14 and (2)(c) of this section are amounts levied to pay for
15 sums agreed to be paid by a school district to certificated
16 employees in exchange for a voluntary termination of employment
17 and amounts levied to pay for special building funds and sinking
18 funds established for projects commenced prior to April 1, 1996,
19 for construction, expansion, or alteration of school district
20 buildings. For purposes of this subsection, commenced means any
21 action taken by the school board on the record which commits
22 the board to expend district funds in planning, constructing, or
23 carrying out the project.

24 (e) Federal aid school districts may exceed the maximum
25 levy prescribed by subdivision (2)(a) or (2)(c) of this section
26 only to the extent necessary to qualify to receive federal aid
27 pursuant to Title VIII of Public Law 103-382, as such title existed

1 on September 1, 2001. For purposes of this subdivision, federal
2 aid school district means any school district which receives ten
3 percent or more of the revenue for its general fund budget from
4 federal government sources pursuant to Title VIII of Public Law
5 103-382, as such title existed on September 1, 2001.

6 (f) For school fiscal year 2002-03 through school fiscal
7 year 2007-08, school districts and multiple-district school systems
8 may, upon a three-fourths majority vote of the school board of
9 the school district, the board of the unified system, or the
10 school board of the high school district of the multiple-district
11 school system that is not a unified system, exceed the maximum
12 levy prescribed by subdivision (2)(a) of this section in an amount
13 equal to the net difference between the amount of state aid that
14 would have been provided under the Tax Equity and Educational
15 Opportunities Support Act without the temporary aid adjustment
16 factor as defined in section 79-1003 for the ensuing school fiscal
17 year for the school district or multiple-district school system
18 and the amount provided with the temporary aid adjustment factor.
19 The State Department of Education shall certify to the school
20 districts and multiple-district school systems the amount by which
21 the maximum levy may be exceeded for the next school fiscal year
22 pursuant to this subdivision (f) of this subsection on or before
23 February 15 for school fiscal years 2004-05 through 2007-08.

24 (g) For each fiscal year, learning communities may levy a
25 maximum levy of two cents on each one hundred dollars of taxable
26 property subject to the levy for special building funds for member
27 school districts. The proceeds from the levy pursuant to this

1 subdivision shall be distributed pursuant to section 79-1073.01.

2 (h) For each fiscal year, learning communities may levy
3 a maximum levy of five cents on each one hundred dollars of
4 taxable property subject to the levy for elementary learning center
5 facilities and for up to fifty percent of the estimated cost for
6 capital projects approved by the learning community coordinating
7 council pursuant to section 79-2111.

8 (3) Community colleges may levy a maximum levy calculated
9 pursuant to the Community College Foundation and Equalization Aid
10 Act on each one hundred dollars of taxable property subject to the
11 levy.

12 (4) (a) Natural resources districts may levy a maximum
13 levy of four and one-half cents per one hundred dollars of taxable
14 valuation of property subject to the levy.

15 (b) Natural resources districts shall also have the power
16 and authority to levy a tax equal to the dollar amount by which
17 their restricted funds budgeted to administer and implement ground
18 water management activities and integrated management activities
19 under the Nebraska Ground Water Management and Protection Act
20 exceed their restricted funds budgeted to administer and implement
21 ground water management activities and integrated management
22 activities for FY2003-04, not to exceed one cent on each one
23 hundred dollars of taxable valuation annually on all of the taxable
24 property within the district.

25 (c) In addition, natural resources districts located in
26 a river basin, subbasin, or reach that has been determined to
27 be fully appropriated pursuant to section 46-714 or designated

1 as overappropriated pursuant to section 46-713 by the Department
2 of Natural Resources shall also have the power and authority to
3 levy a tax equal to the dollar amount by which their restricted
4 funds budgeted to administer and implement ground water management
5 activities and integrated management activities under the Nebraska
6 Ground Water Management and Protection Act exceed their restricted
7 funds budgeted to administer and implement ground water management
8 activities and integrated management activities for FY2005-06, not
9 to exceed three cents on each one hundred dollars of taxable
10 valuation on all of the taxable property within the district for
11 fiscal year 2006-07 and each fiscal year thereafter through fiscal
12 year 2011-12.

13 (5) Educational service units may levy a maximum levy of
14 one and one-half cents per one hundred dollars of taxable valuation
15 of property subject to the levy.

16 (6) (a) Incorporated cities and villages which are not
17 within the boundaries of a municipal county may levy a maximum levy
18 of forty-five cents per one hundred dollars of taxable valuation
19 of property subject to the levy plus an additional five cents per
20 one hundred dollars of taxable valuation to provide financing for
21 the municipality's share of revenue required under an agreement
22 or agreements executed pursuant to the Interlocal Cooperation Act
23 or the Joint Public Agency Act. The maximum levy shall include
24 amounts levied to pay for sums to support a library pursuant
25 to section 51-201, museum pursuant to section 51-501, visiting
26 community nurse, home health nurse, or home health agency pursuant
27 to section 71-1637, or statue, memorial, or monument pursuant to

1 section 80-202.

2 (b) Incorporated cities and villages which are within the
3 boundaries of a municipal county may levy a maximum levy of ninety
4 cents per one hundred dollars of taxable valuation of property
5 subject to the levy. The maximum levy shall include amounts paid
6 to a municipal county for county services, amounts levied to pay
7 for sums to support a library pursuant to section 51-201, a museum
8 pursuant to section 51-501, a visiting community nurse, home health
9 nurse, or home health agency pursuant to section 71-1637, or a
10 statue, memorial, or monument pursuant to section 80-202.

11 (7) Sanitary and improvement districts which have been in
12 existence for more than five years may levy a maximum levy of forty
13 cents per one hundred dollars of taxable valuation of property
14 subject to the levy, and sanitary and improvement districts which
15 have been in existence for five years or less shall not have
16 a maximum levy. Unconsolidated sanitary and improvement districts
17 which have been in existence for more than five years and are
18 located in a municipal county may levy a maximum of eighty-five
19 cents per hundred dollars of taxable valuation of property subject
20 to the levy.

21 (8) Counties may levy or authorize a maximum levy of
22 fifty cents per one hundred dollars of taxable valuation of
23 property subject to the levy, except that five cents per one
24 hundred dollars of taxable valuation of property subject to the
25 levy may only be levied to provide financing for the county's
26 share of revenue required under an agreement or agreements executed
27 pursuant to the Interlocal Cooperation Act or the Joint Public

1 Agency Act. The maximum levy shall include amounts levied to pay
2 for sums to support a library pursuant to section 51-201 or museum
3 pursuant to section 51-501. The county may allocate up to fifteen
4 cents of its authority to other political subdivisions subject
5 to allocation of property tax authority under subsection (1) of
6 section 77-3443 and not specifically covered in this section to
7 levy taxes as authorized by law which do not collectively exceed
8 fifteen cents per one hundred dollars of taxable valuation on any
9 parcel or item of taxable property. The county may allocate to
10 one or more other political subdivisions subject to allocation
11 of property tax authority by the county under subsection (1) of
12 section 77-3443 some or all of the county's five cents per one
13 hundred dollars of valuation authorized for support of an agreement
14 or agreements to be levied by the political subdivision for the
15 purpose of supporting that political subdivision's share of revenue
16 required under an agreement or agreements executed pursuant to the
17 Interlocal Cooperation Act or the Joint Public Agency Act. If an
18 allocation by a county would cause another county to exceed its
19 levy authority under this section, the second county may exceed the
20 levy authority in order to levy the amount allocated.

21 (9) Municipal counties may levy or authorize a maximum
22 levy of one dollar per one hundred dollars of taxable valuation
23 of property subject to the levy. The municipal county may allocate
24 levy authority to any political subdivision or entity subject to
25 allocation under section 77-3443.

26 (10) Property tax levies for judgments, except judgments
27 or orders from the Commission of Industrial Relations, obtained

1 against a political subdivision which require or obligate a
2 political subdivision to pay such judgment, to the extent such
3 judgment is not paid by liability insurance coverage of a
4 political subdivision, for preexisting lease-purchase contracts
5 approved prior to July 1, 1998, for bonded indebtedness approved
6 according to law and secured by a levy on property, and for
7 payments by a public airport to retire interest-free loans from the
8 Department of Aeronautics in lieu of bonded indebtedness at a lower
9 cost to the public airport are not included in the levy limits
10 established by this section.

11 (11) The limitations on tax levies provided in this
12 section are to include all other general or special levies
13 provided by law. Notwithstanding other provisions of law, the
14 only exceptions to the limits in this section are those provided by
15 or authorized by sections 77-3442 to 77-3444.

16 (12) Tax levies in excess of the limitations in this
17 section shall be considered unauthorized levies under section
18 77-1606 unless approved under section 77-3444.

19 (13) For purposes of sections 77-3442 to 77-3444,
20 political subdivision means a political subdivision of this state
21 and a county agricultural society.

22 Sec. 3. Section 79-233, Revised Statutes Cumulative
23 Supplement, 2006, is amended to read:

24 79-233 For purposes of sections 79-232 to 79-246:

25 (1) Enrollment option program means the program
26 established in section 79-234;

27 (2) Option school district means the public school

1 district that a an option student chooses to attend instead of
2 his or her resident school district~~;~~ ~~except when a student chooses~~
3 ~~to attend another school district in a learning community in which~~
4 ~~the student resides pursuant to section 79-2110;~~

5 (3) Option student means a student that has chosen to
6 attend an option school district, including a student who resides
7 in a learning community and who has chosen to attend an option
8 school district in such learning community prior to the effective
9 date of the establishment of such learning community, but not
10 including a student who resides in a learning community and who
11 enrolls pursuant to section 79-2110 in another school district in
12 such learning community;

13 (4) Resident school district means the public school
14 district in which a student resides; and

15 (5) Siblings means all children residing in the same
16 household on a permanent basis who have the same mother or father
17 or who are stepbrother or stepsister to each other.

18 Sec. 4. Beginning with school year 2013-14, students
19 in kindergarten through grade three in the public schools shall
20 spend at least fifty percent of their school day in one or more
21 classrooms with twenty or fewer students. Up to ten days each
22 school year may be designated for any student or group of students
23 as special activity days to which the requirements of this section
24 do not apply. School districts may also apply to the State Board of
25 Education for a hardship waiver to waive the requirements of this
26 section for a specified period of time due to circumstances that
27 would cause the school district a substantial hardship to meet the

1 requirements of this section for such period of time.

2 Sec. 5. Section 79-4,108, Revised Statutes Supplement,
3 2007, is amended to read:

4 79-4,108 (1) Unified system means two or more Class II or
5 III school districts participating in an interlocal agreement
6 under the Interlocal Cooperation Act with approval from the
7 State Committee for the Reorganization of School Districts. The
8 interlocal agreement may include Class I districts if the entire
9 valuation is included in the unified system. The interlocal
10 agreement shall provide for a minimum term of three school
11 years. The agreement shall provide that all property tax and
12 state aid resources shall be shared by the unified system and
13 that a board composed of school board members, with at least
14 one school board member from each district, shall determine
15 the general fund levy, within the limitations placed on school
16 districts and multiple-district school systems pursuant to section
17 77-3442, to be applied in all participating districts and shall
18 determine the distribution of property tax and state aid resources
19 within the unified system. For purposes of section 77-3442, the
20 multiple-district school system shall include all of the Class I,
21 II, and III districts participating in the unified system and the
22 Class I districts or portions thereof affiliated with any of the
23 participating Class II and III districts. The interlocal agreement
24 shall also provide that certificated staff will be employees
25 of the unified system. For any certificated staff employed by
26 the unified system, tenure and seniority as of the effective
27 date of the interlocal agreement shall be transferred to the

1 unified system and tenure and seniority provisions shall continue
2 in the unified system except as provided in sections 79-850 to
3 79-858. If a district withdraws from the unified system or if
4 the interlocal agreement expires and is not renewed, certificated
5 staff employed by a participating district immediately prior to
6 the unification shall be reemployed by the original district and
7 tenure and seniority as of the effective date of the withdrawal
8 or expiration shall be transferred to the original district. The
9 certificated staff hired by the unified system but not employed by
10 a participating district immediately prior to the unification shall
11 be subject to the reduction-in-force policy of the unified system.
12 The interlocal agreement shall also require participating districts
13 to pay obligations of the unified system pursuant to sections
14 79-850 to 79-858 on a pro rata basis based on the adjusted assessed
15 valuations if a district withdraws from the unified system or if
16 the interlocal agreement expires and is not renewed. Additional
17 provisions in the interlocal agreement shall be determined by the
18 participating districts and shall encourage cooperation within the
19 unified system.

20 (2) Application for unification shall be made to the
21 state committee. The application shall contain a copy of the
22 interlocal agreement signed by the president of each participating
23 school board. The state committee shall approve or disapprove
24 applications for unification within forty days after receipt
25 of the application. If the interlocal agreement complies with
26 subsection (1) of this section and all school boards of the
27 participating districts have approved the interlocal agreement,

1 the state committee shall approve the application. Unification
2 agreements shall be effective on June 1 following approval from
3 the state committee for status as a unified system or on the date
4 specified in the interlocal agreement, except that the date shall
5 be on or after June 1 and on or before September 1 for a specified
6 year. The board established in the interlocal agreement may begin
7 meeting any time after the application has been approved by the
8 state committee.

9 (3) Upon granting the application for unification, the
10 State Department of Education shall recognize the unified system
11 as a single Class II or III district for state aid, budgeting,
12 accreditation, enrollment of students, state programs, and
13 reporting, except that the department shall require such reporting
14 on an individual district basis as necessary to calculate formula
15 need pursuant to the Tax Equity and Educational Opportunities
16 Support Act separately for each participating district beginning
17 with the calculation of state aid for school fiscal year 2009-10.
18 Except as otherwise required by the department, the - The unified
19 system shall submit a single report document for each of the
20 reports required of school districts pursuant to Chapter 79 and
21 shall submit a single budget document pursuant to the Nebraska
22 Budget Act and sections 13-518 to 13-522. The class of district
23 shall be the same as the majority of participating districts,
24 excluding Class I districts. If there are an equal number of Class
25 II and Class III districts in the unified system, the unified
26 system shall be recognized by the department as a Class III
27 district.

1 (4) The school districts participating in a unified
2 system shall retain their separate identities for all purposes
3 except those specified in this section, and participation in a
4 unified system shall not be considered a reorganization.

5 Sec. 6. Section 79-1001, Revised Statutes Supplement,
6 2007, is amended to read:

7 79-1001 Sections 79-1001 to 79-1033 and sections 10 to
8 22 and 42 of this act shall be known and may be cited as the Tax
9 Equity and Educational Opportunities Support Act.

10 Sec. 7. Section 79-1003, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1003 For purposes of the Tax Equity and Educational
13 Opportunities Support Act:

14 (1) Adjusted general fund operating expenditures means
15 (a) for school fiscal years before school fiscal year 2007-08,
16 general fund operating expenditures as calculated pursuant to
17 subdivision ~~(24)~~ (21) of this section minus the transportation
18 allowance and minus the special receipts allowance, (b) for
19 school fiscal year 2007-08, general fund operating expenditures
20 as calculated pursuant to subdivision ~~(24)~~ (21) of this section
21 minus the sum of the transportation, special receipts, and
22 distance education and telecommunications allowances, ~~and~~ (c)
23 for school fiscal year 2008-09, and each school fiscal year
24 ~~thereafter~~, the difference of the product of the general fund
25 operating expenditures as calculated pursuant to subdivision
26 ~~(24)~~ (21) of this section multiplied by the cost growth factor
27 for the school district's cost grouping calculated pursuant to

1 section 79-1007.10 minus the transportation allowance, special
2 receipts allowance, poverty allowance, limited English proficiency
3 allowance, distance education and telecommunications allowance,
4 elementary site allowance, elementary class size allowance, summer
5 school allowance, and focus school and program allowance, (d)
6 for school fiscal years 2009-10 through 2012-13, the difference
7 of the product of the general fund operating expenditures
8 as calculated pursuant to subdivision (21) of this section
9 multiplied by the cost growth factor calculated pursuant to
10 section 79-1007.10 minus the transportation allowance, special
11 receipts allowance, poverty allowance, limited English proficiency
12 allowance, distance education and telecommunications allowance,
13 elementary site allowance, elementary class size allowance, summer
14 school allowance, instructional time allowance, and focus school
15 and program allowance, and (e) for school fiscal year 2013-14
16 and each school fiscal year thereafter, the difference of the
17 product of the general fund operating expenditures as calculated
18 pursuant to subdivision (21) of this section multiplied by the
19 cost growth factor calculated pursuant to section 79-1007.10
20 minus the transportation allowance, special receipts allowance,
21 poverty allowance, limited English proficiency allowance, distance
22 education and telecommunications allowance, elementary site
23 allowance, summer school allowance, instructional time allowance,
24 and focus school and program allowance;

25 (2) Adjusted valuation means the assessed valuation of
26 taxable property of each local system in the state, adjusted
27 pursuant to the adjustment factors described in section 79-1016.

1 Adjusted valuation means the adjusted valuation for the property
2 tax year ending during the school fiscal year immediately preceding
3 the school fiscal year in which the aid based upon that value is
4 to be paid. For purposes of determining the local effort rate yield
5 pursuant to section 79-1015.01, adjusted valuation does not include
6 the value of any property which a court, by a final judgment from
7 which no appeal is taken, has declared to be nontaxable or exempt
8 from taxation;

9 (3) Allocated income tax funds means the amount of
10 assistance paid to a local system pursuant to section 79-1005.01 or
11 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
12 section 79-1008.02;

13 (4) Average daily attendance of a student who resides on
14 Indian land means average daily attendance of a student who resides
15 on Indian land from the most recent data available on November 1
16 preceding the school fiscal year in which aid is to be paid;

17 (5) Average daily membership means the average daily
18 membership for grades kindergarten through twelve attributable to
19 the local system, as provided in each district's annual statistical
20 summary, and includes the proportionate share of students enrolled
21 in a public school instructional program on less than a full-time
22 basis;

23 (6) Base fiscal year means the first school fiscal year
24 following the school fiscal year in which the reorganization or
25 unification occurred;

26 (7) Board means the school board of each school district;

27 (8) Categorical funds means funds limited to a specific

1 purpose by federal or state law, including, but not limited to,
2 Title I funds, Title VI funds, federal vocational education funds,
3 federal school lunch funds, Indian education funds, Head Start
4 funds, and funds from the Education Innovation Fund;

5 (9) Consolidate means to voluntarily reduce the number of
6 school districts providing education to a grade group and does not
7 include dissolution pursuant to section 79-498;

8 ~~(10) Converted contract means an expired contract that~~
9 ~~was in effect for at least fifteen years for the education of~~
10 ~~students in a nonresident district in exchange for tuition from~~
11 ~~the resident district when the expiration of such contract results~~
12 ~~in the nonresident district educating students who would have been~~
13 ~~covered by the contract if the contract were still in effect~~
14 ~~as option students pursuant to the enrollment option program~~
15 ~~established in section 79-234;~~

16 ~~(11) Converted contract option students means students~~
17 ~~who will be option students pursuant to the enrollment option~~
18 ~~program established in section 79-234 for the school fiscal year~~
19 ~~for which aid is being calculated and who would have been covered~~
20 ~~by a converted contract if the contract were still in effect and~~
21 ~~such school fiscal year is the first school fiscal year for which~~
22 ~~such contract is not in effect;~~

23 ~~(12) (10) Department means the State Department of~~
24 ~~Education;~~

25 ~~(13) Distance education and telecommunications allowance~~
26 ~~means, for state aid calculated for school fiscal year 2007-08~~
27 ~~and each school fiscal year thereafter, eighty-five percent of~~

1 the difference of the costs for ~~(a)~~ telecommunications services,
2 ~~(b)~~ access to data transmission networks that transmit data to
3 and from the school district, ~~and (c)~~ the transmission of data
4 on such networks paid by the school districts in the local
5 system as reported on the annual financial report for the most
6 recently available complete data year minus the receipts from the
7 federal Universal Service Fund pursuant to section 254 of the
8 Telecommunications Act of 1996, 47 U.S.C. 254, as such section
9 existed on January 1, 2006, for the school districts in the local
10 system as reported on the annual financial report for the most
11 recently available complete data year;

12 ~~(14)~~ (11) District means any Class I, II, III, IV, V, or
13 VI school district;

14 ~~(15)~~ (12) Ensuing school fiscal year means the school
15 fiscal year following the current school fiscal year;

16 ~~(16)~~ (13) Equalization aid means the amount of assistance
17 calculated to be paid to a local system pursuant to sections
18 79-1008.01 to 79-1022 and sections 10 to 22 of this act; and
19 ~~79-1022.02;~~

20 ~~(17)~~ (14) Fall membership means the total membership in
21 kindergarten through grade twelve attributable to the local system
22 as reported on the fall school district membership reports for each
23 district pursuant to section 79-528;

24 ~~(18)~~ (15) Fiscal year means the state fiscal year which
25 is the period from July 1 to the following June 30;

26 ~~(19)~~ (16) Formula students means:

27 (a) For school fiscal years prior to school fiscal year

1 2008-09, (i) for state aid certified pursuant to section 79-1022,
2 the sum of fall membership from the school fiscal year immediately
3 preceding the school fiscal year in which the aid is to be paid,
4 multiplied by the average ratio of average daily membership to fall
5 membership for the second school fiscal year immediately preceding
6 the school fiscal year in which aid is to be paid and the prior
7 two school fiscal years, plus qualified early childhood education
8 fall membership plus tuitioned students from the school fiscal year
9 immediately preceding the school fiscal year in which the aid is to
10 be paid and ~~(b)~~ (ii) for final calculation of state aid pursuant to
11 section 79-1065, the sum of average daily membership plus qualified
12 early childhood education average daily membership plus tuitioned
13 students from the school fiscal year immediately preceding the
14 school fiscal year in which the aid was paid; and

15 (b) For school fiscal year 2008-09 and each school fiscal
16 year thereafter, (i) for state aid certified pursuant to section
17 79-1022, the sum of the product of fall membership from the school
18 fiscal year immediately preceding the school fiscal year in which
19 the aid is to be paid multiplied by the average ratio of average
20 daily membership to fall membership for the second school fiscal
21 year immediately preceding the school fiscal year in which the aid
22 is to be paid and the prior two school fiscal years plus sixty
23 percent of the qualified early childhood education fall membership
24 plus tuitioned students from the school fiscal year immediately
25 preceding the school fiscal year in which aid is to be paid minus
26 the product of the number of students enrolled in kindergarten that
27 is not full-day kindergarten from the fall membership multiplied by

1 0.5 and (ii) for final calculation of state aid pursuant to section
2 79-1065, the sum of average daily membership plus sixty percent of
3 the qualified early childhood education average daily membership
4 plus tuitioned students minus the product of the number of students
5 enrolled in kindergarten that is not full-day kindergarten from the
6 average daily membership multiplied by 0.5 from the school fiscal
7 year immediately preceding the school fiscal year in which aid was
8 paid;

9 ~~(20)~~ (17) Free lunch and free milk student means a
10 student who qualified for free lunches or free milk from the most
11 recent data available on November 1 of the school fiscal year
12 immediately preceding the school fiscal year in which aid is to be
13 paid;

14 ~~(21)~~ (18) Full-day kindergarten means kindergarten
15 offered by a district for at least one thousand thirty-two
16 instructional hours;

17 ~~(22)~~ (19) General fund budget of expenditures means
18 the total budget of disbursements and transfers for general fund
19 purposes as certified in the budget statement adopted pursuant
20 to the Nebraska Budget Act, except that for purposes of the
21 limitation imposed in section 79-1023, the calculation of Class I
22 total allowable general fund budget of expenditures minus the
23 special education budget of expenditures pursuant to section
24 79-1083.03, and the calculation pursuant to subdivision (2) of
25 section 79-1027.01, the general fund budget of expenditures does
26 not include any special grant funds, exclusive of local matching
27 funds, received by a district; ~~subject to the approval of the~~

1 ~~department;~~

2 ~~(23)~~ (20) General fund expenditures means all
3 expenditures from the general fund;

4 ~~(24)~~ (21) General fund operating expenditures means:

5 (a) For state aid calculated for school fiscal years
6 prior to school fiscal year 2008-09, the total general fund
7 expenditures minus categorical funds, tuition paid, transportation
8 fees paid to other districts, adult education, summer school,
9 community services, redemption of the principal portion of general
10 fund debt service, retirement incentive plans, staff development
11 assistance, and transfers from other funds into the general fund
12 for the second school fiscal year immediately preceding the school
13 fiscal year in which aid is to be paid as reported on the annual
14 financial report prior to December 1 of the school fiscal year
15 immediately preceding the school fiscal year in which aid is to be
16 paid;

17 (b) For state aid calculated for school fiscal years
18 2008-09 and 2009-10, as reported for the second school fiscal
19 year immediately preceding the school fiscal year in which aid
20 is to be paid on the annual financial report submitted prior
21 to December 1 of the school fiscal year immediately preceding
22 the school fiscal year in which aid is to be paid, the total
23 general fund expenditures minus (i) the amount of all receipts
24 to the general fund, to the extent that such receipts are not
25 included in local system formula resources, from early childhood
26 education tuition, summer school tuition, educational entities as
27 defined in section 79-1201.01 for providing distance education

1 courses through the Educational Service Unit Coordinating Council
2 to such educational entities, private foundations, individuals,
3 associations, charitable organizations, the textbook loan program
4 authorized by section 79-734, and federal impact aid, (ii)
5 the amount of expenditures for categorical funds, tuition paid,
6 transportation fees paid to other districts, adult education,
7 community services, redemption of the principal portion of general
8 fund debt service, retirement incentive plans authorized by section
9 79-855, and staff development assistance authorized by section
10 79-856, and (iii) the amount of any transfers from the general fund
11 to any bond fund and transfers from other funds into the general
12 fund; and

13 (c) For state aid calculated for school fiscal year
14 2010-11 and each school fiscal year thereafter, as reported for
15 the second school fiscal year immediately preceding the school
16 fiscal year in which aid is to be paid on the annual financial
17 report submitted prior to December 1 of the school fiscal year
18 immediately preceding the school fiscal year in which aid is to be
19 paid, the total general fund expenditures minus (i) the amount of
20 all receipts to the general fund, to the extent that such receipts
21 are not included in local system formula resources, from early
22 childhood education tuition, summer school tuition, educational
23 entities as defined in section 79-1201.01 for providing distance
24 education courses through the Educational Service Unit Coordinating
25 Council to such educational entities, private foundations,
26 individuals, associations, charitable organizations, the textbook
27 loan program authorized by section 79-734, federal impact aid,

1 and levy override elections pursuant to section 77-3444, (ii)
2 the amount of expenditures for categorical funds, tuition paid,
3 transportation fees paid to other districts, adult education,
4 community services, redemption of the principal portion of general
5 fund debt service, retirement incentive plans authorized by section
6 79-855, and staff development assistance authorized by section
7 79-856, and (iii) the amount of any transfers from the general fund
8 to any bond fund and transfers from other funds into the general
9 fund;

10 For purposes of this subdivision (21), receipts from
11 levy override elections shall equal ninety-nine percent of the
12 difference of the total general fund levy minus a levy of one
13 dollar and five cents per one hundred dollars of taxable valuation
14 multiplied by the assessed valuation for school districts that have
15 voted pursuant to section 77-3444 to override the maximum levy
16 provided pursuant to section 77-3442;

17 ~~(25)~~ (22) High school district means a school district
18 providing instruction in at least grades nine through twelve;

19 ~~(26)~~ (23) Income tax liability means the amount of the
20 reported income tax liability for resident individuals pursuant to
21 the Nebraska Revenue Act of 1967 less all nonrefundable credits
22 earned and refunds made;

23 ~~(27)~~ (24) Income tax receipts means the amount of income
24 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
25 nonrefundable credits earned and refunds made;

26 ~~(28)~~ (25) Limited English proficiency ~~student~~ means a
27 ~~student~~ students means (a) for school fiscal years prior to school

1 fiscal year 2009-10, the number of students with limited English
2 proficiency in a district from the most recent data available on
3 November 1 of the school fiscal year preceding the school fiscal
4 year in which aid is to be paid and (b) for school fiscal year
5 2009-10 and each school fiscal year thereafter, the number of
6 students with limited English proficiency in a district from the
7 most recent data available on November 1 of the school fiscal year
8 preceding the school fiscal year in which aid is paid plus the
9 difference of such students with limited English proficiency minus
10 the average number of limited English proficiency students for
11 such district, prior to such addition, for the three immediately
12 preceding school fiscal years if such difference is greater than
13 zero;

14 ~~(29)~~ (26) Local system means a learning community, a
15 unified system, a Class VI district and the associated Class I
16 districts, or a Class II, III, IV, or V district and any affiliated
17 Class I districts or portions of Class I districts, and for school
18 fiscal year 2008-09 and each school fiscal year thereafter, a
19 learning community or a Class II, III, IV, or V district that is
20 not a member of a learning community. The membership, expenditures,
21 and resources of Class I districts that are affiliated with
22 multiple high school districts will be attributed to local systems
23 based on the percent of the Class I valuation that is affiliated
24 with each high school district;

25 ~~(30)~~ (27) Low-income child means (a) for school fiscal
26 years prior to 2008-09, a child under nineteen years of age living
27 in a household having an annual adjusted gross income of fifteen

1 thousand dollars or less for the second calendar year preceding
2 the beginning of the school fiscal year for which aid is being
3 calculated and (b) for school fiscal year 2008-09 and each school
4 fiscal year thereafter, a child under nineteen years of age living
5 in a household having an annual adjusted gross income for the
6 second calendar year preceding the beginning of the school fiscal
7 year for which aid is being calculated equal to or less than the
8 maximum household income that would allow a student from a family
9 of four people to be a free lunch and free milk student during the
10 school fiscal year immediately preceding the school fiscal year for
11 which aid is being calculated;

12 ~~(31)~~ (28) Low-income students means the number of
13 low-income children within the ~~local system~~ district multiplied by
14 the ratio of the formula students in the ~~local system~~ district
15 divided by the total children under nineteen years of age
16 residing in the ~~local system~~ district as derived from income tax
17 information;

18 ~~(32)~~ (29) Most recently available complete data year
19 means the most recent single school fiscal year for which the
20 annual financial report, fall school district membership report,
21 annual statistical summary, Nebraska income tax liability by school
22 district for the calendar year in which the majority of the school
23 fiscal year falls, and adjusted valuation data are available;

24 ~~(33)~~ (30) Poverty students means (a) for school fiscal
25 years prior to school fiscal year 2009-10, the number of low-income
26 students or the number of students who are free lunch and free
27 milk students in a ~~local system,~~ district, whichever is greater,

1 and (b) for school fiscal year 2009-10 and each school fiscal year
2 thereafter, the number of low-income students or the number of
3 students who are free lunch and free milk students in a district
4 plus the difference of the number of low-income students or the
5 number of students who are free lunch and free milk students in a
6 district, whichever is greater, minus the average number of poverty
7 students for such district, prior to such addition, for the three
8 immediately preceding school fiscal years if such difference is
9 greater than zero;

10 ~~(34)~~ (31) Qualified early childhood education average
11 daily membership means the product of the average daily membership
12 for school fiscal year 2006-07 and each school fiscal year
13 thereafter of students who will be eligible to attend kindergarten
14 the following school year and are enrolled in an early childhood
15 education program approved by the department pursuant to section
16 79-1103 for such school district for such school year multiplied by
17 the ratio of the actual instructional hours of the program divided
18 by one thousand thirty-two if: (a) The program is receiving a grant
19 pursuant to such section for the third year; (b) the program has
20 already received grants pursuant to such section for three years;
21 or (c) the program has been approved pursuant to subsection (5) of
22 section 79-1103 for such school year and the two preceding school
23 years, including any such students in portions of any of such
24 programs receiving an expansion grant; ~~multiplied by the ratio~~
25 ~~of the actual instructional hours of the program divided by one~~
26 ~~thousand thirty-two;~~

27 ~~(35)~~ (32) Qualified early childhood education fall

1 membership means the product of membership on the last Friday
2 in September 2006 and each year thereafter of students who will
3 be eligible to attend kindergarten the following school year and
4 are enrolled in an early childhood education program approved
5 by the department pursuant to section 79-1103 for such school
6 district for such school year multiplied by the ratio of the
7 planned instructional hours of the program divided by one thousand
8 thirty-two if: (a) The program is receiving a grant pursuant to
9 such section for the third year; (b) the program has already
10 received grants pursuant to such section for three years; or (c)
11 the program has been approved pursuant to subsection (5) of section
12 79-1103 for such school year and the two preceding school years,
13 including any such students in portions of any of such programs
14 receiving an expansion grant; ~~multiplied by the ratio of the~~
15 ~~planned instructional hours of the program divided by one thousand~~
16 ~~thirty-two;~~

17 ~~(36)~~ (33) Regular route transportation means the
18 transportation of students on regularly scheduled daily routes to
19 and from the attendance center;

20 ~~(37)~~ (34) Reorganized district means any district
21 involved in a consolidation and currently educating students
22 following consolidation;

23 ~~(38)~~ (35) School year or school fiscal year means the
24 fiscal year of a school district as defined in section 79-1091;

25 (36) Sparse local system means a local system that is not
26 a very sparse local system but which meets the following criteria:

27 (a) (i) Less than two students per square mile in the

1 county in which each high school is located, based on the school
2 district census, (ii) less than one formula student per square
3 mile in the local system, and (iii) more than ten miles between
4 each high school attendance center and the next closest high school
5 attendance center on paved roads;

6 (b) (i) Less than one and one-half formula students per
7 square mile in the local system and (ii) more than fifteen miles
8 between each high school attendance center and the next closest
9 high school attendance center on paved roads;

10 (c) (i) Less than one and one-half formula students per
11 square mile in the local system and (ii) more than two hundred
12 seventy-five square miles in the local system; or

13 (d) (i) Less than two formula students per square mile in
14 the local system and (ii) the local system includes an area equal
15 to ninety-five percent or more of the square miles in the largest
16 county in which a high school attendance center is located in the
17 local system;

18 ~~(39)~~ (37) Special education means specially designed
19 kindergarten through grade twelve instruction pursuant to section
20 79-1125, and includes special education transportation;

21 ~~(40)~~ (38) Special grant funds means the budgeted receipts
22 for grants, including, but not limited to, Title I funds, Title
23 VI funds, funds from the Education Innovation Fund, reimbursements
24 for wards of the court, short-term borrowings including, but
25 not limited to, registered warrants and tax anticipation notes,
26 interfund loans, insurance settlements, and reimbursements to
27 county government for previous overpayment. The state board shall

1 approve a listing of grants that qualify as special grant funds;

2 ~~(41) Special receipts allowance means the amount of~~
3 ~~special education, state ward, and accelerated or differentiated~~
4 ~~curriculum program receipts included in local system formula~~
5 ~~resources under subdivisions (7), (8), (16), and (17) of section~~
6 ~~79-1018.01 attributable to the school district;~~

7 ~~(42) (39) State aid means the amount of assistance~~
8 ~~paid to a district pursuant to the Tax Equity and Educational~~
9 ~~Opportunities Support Act;~~

10 ~~(43) (40) State board means the State Board of Education;~~

11 ~~(44) (41) State support means all funds provided to~~
12 ~~districts by the State of Nebraska for the general fund support of~~
13 ~~elementary and secondary education;~~

14 (42) Statewide average basic funding per formula student
15 means the statewide total basic funding for all districts divided
16 by the statewide total formula students for all districts;

17 (43) Statewide average general fund operating
18 expenditures per formula student means the statewide total
19 general fund operating expenditures for all districts divided by
20 the statewide total formula students for all districts;

21 (44) Teacher has the definition found in section 79-101;

22 (45) Temporary aid adjustment factor means (a) for school
23 fiscal years before school fiscal year 2007-08, one and one-fourth
24 percent of the sum of the local system's transportation allowance,
25 the local system's special receipts allowance, and the product
26 of the local system's adjusted formula students multiplied by
27 the average formula cost per student in the local system's

1 cost grouping and (b) for school fiscal year 2007-08, one and
2 one-fourth percent of the sum of the local system's transportation
3 allowance, special receipts allowance, and distance education and
4 telecommunications allowance and the product of the local system's
5 adjusted formula students multiplied by the average formula cost
6 per student in the local system's cost grouping;

7 ~~(46) Transportation allowance means the lesser of (a)~~
8 ~~each local system's general fund expenditures for regular route~~
9 ~~transportation and in lieu of transportation expenditures pursuant~~
10 ~~to section 79-611 in the second school fiscal year immediately~~
11 ~~preceding the school fiscal year in which aid is to be paid,~~
12 ~~but not including special education transportation expenditures or~~
13 ~~other expenditures previously excluded from general fund operating~~
14 ~~expenditures, or (b) the number of miles traveled in the second~~
15 ~~school fiscal year immediately preceding the school fiscal year in~~
16 ~~which aid is to be paid by vehicles owned, leased, or contracted~~
17 ~~by the district or the districts in the local system for the~~
18 ~~purpose of regular route transportation multiplied by four hundred~~
19 ~~percent of the mileage rate established by the Department of~~
20 ~~Administrative Services pursuant to section 81-1176 as of January 1~~
21 ~~of the most recently available complete data year added to in lieu~~
22 ~~of transportation expenditures pursuant to section 79-611 from the~~
23 ~~same data year;~~

24 ~~(47) Tuition receipts from converted contracts means~~
25 ~~tuition receipts received by a district from another district~~
26 ~~in the most recently available complete data year pursuant to a~~
27 ~~converted contract prior to the expiration of the contract; and~~

1 ~~(48)~~ (46) Tuitioned students means students in
2 kindergarten through grade twelve of the district whose tuition is
3 paid by the district to some other district or education agency;
4 and -

5 (47) Very sparse local system means a local system that
6 has:

7 (a) (i) Less than one-half student per square mile in
8 each county in which each high school attendance center is located
9 based on the school district census, (ii) less than one formula
10 student per square mile in the local system, and (iii) more than
11 fifteen miles between the high school attendance center and the
12 next closest high school attendance center on paved roads; or

13 (b) (i) More than four hundred fifty square miles in the
14 local system, (ii) less than one-half student per square mile in
15 the local system, and (iii) more than fifteen miles between each
16 high school attendance center and the next closest high school
17 attendance center on paved roads.

18 Sec. 8. Section 79-1003.01, Revised Statutes Supplement,
19 2007, is amended to read:

20 79-1003.01 ~~For purposes of this section and section~~
21 79-1007.03, summer For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the department shall calculate a summer
23 school allowance for each district equal to two and one-half
24 percent of the summer school student units for such district
25 multiplied by eighty-five percent of the statewide average general
26 fund operating expenditures per formula student. Summer school
27 student unit means one units shall be calculated for each student

1 enrolled in summer school in a school district who attends such
2 summer school for at least twelve days, whether or not the student
3 is in the membership of the school district. The initial number of
4 units for each such student shall equal the sum of the ratios, each
5 rounded down to the nearest whole number, of the number of days for
6 which the student attended summer school classes in such district
7 for at least three hours and less than six hours per day divided
8 by twelve days and of two times the number of days for which the
9 student attended summer school classes in such district for six or
10 more hours per day divided by twelve days. ~~for (1) at least three~~
11 ~~hours but fewer than six hours per day and (2) at least twelve~~
12 ~~days but fewer than twenty-four days.~~ Each school district shall
13 receive a summer school student unit for each qualified time period
14 for which a student is enrolled, up to six units per student per
15 ~~summer.~~

16 Each school district shall receive an additional summer
17 school student unit for each summer school student unit attributed
18 to remedial math or reading programs. Each school district shall
19 also receive an additional summer school student unit for each
20 summer school student unit attributed to a free lunch and free
21 milk student. This section does not prevent school districts from
22 requiring and collecting fees for summer school, except that summer
23 school student units shall not be calculated for ~~summer~~ school
24 districts programs for which collect fees are collected for summer
25 school from students who qualify for free or reduced-price lunches
26 under United States Department of Agriculture child nutrition
27 programs.

1 Sec. 9. Section 79-1007.02, Revised Statutes Supplement,
2 2007, is amended to read:

3 79-1007.02 For state aid calculated for school fiscal
4 ~~year 1998-99 and each school fiscal year thereafter+ years prior to~~
5 school fiscal year 2008-09:

6 (1) Using data from the annual financial reports for the
7 second school fiscal year immediately preceding the school fiscal
8 year in which aid is to be paid, the annual statistical summary
9 reports for the school fiscal year immediately preceding the school
10 fiscal year in which aid is to be paid, the fall membership reports
11 and supplements thereto for the school fiscal year immediately
12 preceding the school fiscal year in which aid is to be paid,
13 and the school district census as reported under sections 79-524
14 and 79-578 for the second school fiscal year preceding the school
15 fiscal year in which aid is to be paid, the department shall
16 divide the local systems into three cost groupings prior to the
17 certification of state aid based upon the following criteria:

18 (a) The very sparse cost grouping will consist of local
19 systems that have (i) (A) less than one-half student per square
20 mile in each county in which each high school attendance center
21 is located, based on the school district census, (B) less than
22 one formula student per square mile in the local system, and (C)
23 more than fifteen miles between the high school attendance center
24 and the next closest high school attendance center on paved roads
25 or (ii) (A) more than four hundred fifty square miles in the local
26 system, (B) less than one-half student per square mile in the local
27 system, and (C) more than fifteen miles between each high school

1 attendance center and the next closest high school attendance
2 center on paved roads;

3 (b) The sparse cost grouping will consist of local
4 systems that do not qualify for the very sparse cost grouping but
5 which meet the following criteria:

6 (i) (A) Less than two students per square mile in the
7 county in which each high school is located, based on the school
8 district census, (B) less than one formula student per square mile
9 in the local system, and (C) more than ten miles between each
10 high school attendance center and the next closest high school
11 attendance center on paved roads;

12 (ii) (A) Less than one and one-half formula students per
13 square mile in the local system and (B) more than fifteen miles
14 between each high school attendance center and the next closest
15 high school attendance center on paved roads;

16 (iii) (A) Less than one and one-half formula students per
17 square mile in the local system and (B) more than two hundred
18 seventy-five square miles in the local system; or

19 (iv) (A) Less than two formula students per square mile in
20 the local system and (B) the local system includes an area equal
21 to ninety-five percent or more of the square miles in the largest
22 county in which a high school attendance center is located in the
23 local system; and

24 (c) The standard cost grouping will consist of local
25 systems that do not qualify for the very sparse or the sparse cost
26 groupings.

27 For purposes of subdivision (1) of this section, if a

1 local system did not operate and offer instruction in grades nine
2 through twelve within the boundaries of the local system during the
3 school fiscal year immediately preceding the school fiscal year in
4 which aid is to be paid, the local system shall not be considered
5 to have a high school attendance center;

6 (2) (a) The department shall calculate the average formula
7 cost per student in each cost grouping by dividing the total
8 estimated general fund operating expenditures for the cost grouping
9 by the difference between the total adjusted formula students for
10 all local systems in the cost grouping minus (i) the adjusted
11 formula students attributed to early childhood education programs
12 approved by the department pursuant to section 79-1103 for the
13 first two school fiscal years for which students attributed to
14 early childhood education programs approved by the department
15 pursuant to section 79-1103 are being included in the calculation
16 of state aid for the local system and (ii) for the first two
17 school fiscal years immediately following the school fiscal year in
18 which a district in the local system received an expansion grant
19 pursuant to section 79-1103, the difference between the adjusted
20 formula students attributed to early childhood education programs
21 approved by the department pursuant to section 79-1103 for the
22 school fiscal year immediately following the school fiscal year in
23 which a district in the local system received an expansion grant
24 minus the adjusted formula students attributed to early childhood
25 education programs approved by the department pursuant to section
26 79-1103 for the school fiscal year in which a district in the
27 local system received an expansion grant. For the calculation of

1 state aid for school fiscal year 1999-00 and for each school fiscal
2 year thereafter, the average formula cost per student in each cost
3 grouping shall not be recalculated for the final calculation of
4 state aid pursuant to section 79-1065. The calculation of total
5 adjusted formula students for purposes of this subdivision shall
6 take into account the requirements of subdivision (2) of section
7 79-1007.01. For school fiscal years prior to school fiscal year
8 2008-09, the total estimated general fund operating expenditures
9 for the cost grouping is equal to the total adjusted general fund
10 operating expenditures for all local systems in the cost grouping
11 multiplied by a cost growth factor. For school fiscal year 2008-09,
12 ~~and each school fiscal year thereafter,~~ the total estimated general
13 fund operating expenditures for the cost grouping is equal to the
14 total adjusted general fund operating expenditures for all local
15 systems in the cost grouping.

16 (b) For school fiscal years prior to school fiscal year
17 2008-09, the cost growth factor for each cost grouping is equal to
18 the sum of: (i) One; plus (ii) the product of two times the ratio
19 of the difference of (A) the formula students attributable to the
20 cost grouping without weighting or adjustment pursuant to section
21 79-1007.01 minus the qualified early childhood education fall
22 membership attributable to the cost grouping without such weighting
23 or adjustment for state aid certified pursuant to section 79-1022
24 minus (B) the difference of the sum of the average daily membership
25 plus tuitioned students attributable to the cost grouping for the
26 most recently available complete data year minus the qualified
27 early childhood education average daily membership attributable to

1 the cost grouping without such weighting or adjustment for the most
2 recently available complete data year divided by the difference of
3 the sum of the average daily membership plus tuitioned students
4 attributable to the cost grouping for the most recently available
5 complete data year minus the qualified early childhood education
6 average daily membership attributable to the cost grouping without
7 such weighting or adjustment for the most recently available
8 complete data year, except that the ratio shall not be less than
9 zero; plus (iii) the basic allowable growth rate pursuant to
10 section 79-1025 for the school fiscal year in which the aid is to
11 be distributed; plus (iv) the basic allowable growth rate pursuant
12 to section 79-1025 for the school fiscal year immediately preceding
13 the school fiscal year in which the aid is to be distributed;
14 plus (v) one-half of any additional growth rate allowed by special
15 action of school boards for the school fiscal year in which the
16 aid is to be distributed as determined for the school fiscal
17 year immediately preceding the school fiscal year when aid is to
18 be distributed; plus (vi) one-half of any additional growth rate
19 allowed by special action of the school boards for the school
20 fiscal year immediately preceding the school fiscal year when the
21 aid is to be distributed;

22 (3) For school fiscal years 2002-03 through 2006-07, each
23 local system's formula need shall be calculated by subtracting
24 the temporary aid adjustment factor from the sum of the local
25 system's transportation allowance, the local system's special
26 receipts allowance, and the product of the local system's adjusted
27 formula students multiplied by the average formula cost per student

1 in the local system's cost grouping. The calculation of total
2 adjusted formula students for purposes of this subdivision shall
3 take into account the requirements of subdivision (2) of section
4 79-1007.01; and

5 (4) For school fiscal year 2007-08, each local system's
6 formula need shall be calculated by subtracting the temporary aid
7 adjustment factor from the sum of the local system's transportation
8 allowance, special receipts allowance, and distance education and
9 telecommunications allowance and the product of the local system's
10 adjusted formula students multiplied by the average formula cost
11 per student in the local system's cost grouping. The calculation
12 of total adjusted formula students for purposes of this subdivision
13 shall take into account the requirements of subdivision (2) of
14 section 79-1007.01 ~~and~~

15 ~~(5) For school fiscal year 2008-09 and each school~~
16 ~~fiscal year thereafter, each school district's formula need~~
17 ~~shall equal the greater of (a) the difference of the sum of~~
18 ~~the school district's transportation allowance, elementary class~~
19 ~~size allowance, focus school and program allowance, limited~~
20 ~~English proficiency allowance, poverty allowance, special receipts~~
21 ~~allowance, and distance education and telecommunications allowance~~
22 ~~plus the product of the school district's adjusted formula students~~
23 ~~multiplied by the average formula cost per student in the school~~
24 ~~district's local system cost grouping minus the sum of the limited~~
25 ~~English proficiency allowance correction and poverty allowance~~
26 ~~correction or (b) if the school district's general fund levy was~~
27 ~~at or above ninety-five percent of the school district's maximum~~

1 ~~levy pursuant to section 77-3442, the school district's prior year~~
2 ~~formula need multiplied by one hundred percent. The calculation of~~
3 ~~total adjusted formula students for purposes of this subdivision~~
4 ~~shall take into account the requirements of subdivision (2) of~~
5 ~~section 79-1007.03.~~

6 Sec. 10. (1) Except as otherwise provided in this
7 section, for school fiscal year 2008-09, each school district's
8 formula need shall equal the difference of the sum of the school
9 district's basic funding, poverty allowance, limited English
10 proficiency allowance, elementary class size allowance, focus
11 school and program allowance, summer school allowance, special
12 receipts allowance, transportation allowance, elementary site
13 allowance, distance education and telecommunications allowance,
14 averaging adjustment, and teacher education adjustment, minus
15 the sum of the limited English proficiency allowance correction,
16 poverty allowance correction, and local choice adjustment.

17 (2) Except as otherwise provided in this section, for
18 school fiscal years 2009-10 and 2010-11, each school district's
19 formula need shall equal the difference of the sum of the
20 school district's basic funding, poverty allowance, limited
21 English proficiency allowance, elementary class size allowance,
22 focus school and program allowance, summer school allowance,
23 special receipts allowance, transportation allowance, elementary
24 site allowance, instructional time allowance, distance education
25 and telecommunications allowance, averaging adjustment, teacher
26 education adjustment, new learning community transportation
27 adjustment, student growth adjustment, and new school adjustment,

1 minus the sum of the limited English proficiency allowance
2 correction, poverty allowance correction, and local choice
3 adjustment.

4 (3) Except as otherwise provided in this section, for
5 school fiscal years 2011-12 and 2012-13, each school district's
6 formula need shall equal the difference of the sum of the
7 school district's basic funding, poverty allowance, limited
8 English proficiency allowance, elementary class size allowance,
9 focus school and program allowance, summer school allowance,
10 special receipts allowance, transportation allowance, elementary
11 site allowance, instructional time allowance, distance education
12 and telecommunications allowance, averaging adjustment, teacher
13 education adjustment, new learning community transportation
14 adjustment, student growth adjustment, any positive student growth
15 adjustment correction, and new school adjustment, minus the sum
16 of the limited English proficiency allowance correction, poverty
17 allowance correction, any negative student growth adjustment
18 correction, and local choice adjustment.

19 (4) Except as otherwise provided in this section, for
20 school fiscal year 2013-14 and each school fiscal year thereafter,
21 each school district's formula need shall equal the difference of
22 the sum of the school district's basic funding, poverty allowance,
23 limited English proficiency allowance, focus school and program
24 allowance, summer school allowance, special receipts allowance,
25 transportation allowance, elementary site allowance, instructional
26 time allowance, distance education and telecommunications
27 allowance, averaging adjustment, teacher education adjustment,

1 new learning community transportation adjustment, student growth
2 adjustment, any positive student growth adjustment correction,
3 and new school adjustment, minus the sum of the limited English
4 proficiency allowance correction, poverty allowance correction, any
5 negative student growth adjustment correction, and local choice
6 adjustment.

7 (5) If the formula need calculated for a school district
8 pursuant to subsections (1) through (4) of this section is less
9 than one hundred percent of the formula need for such district
10 for the school fiscal year immediately preceding the school fiscal
11 year for which aid is being calculated, the formula need for such
12 district shall equal one hundred percent of the formula need for
13 such district for the school fiscal year immediately preceding
14 the school fiscal year for which aid is being calculated. If
15 the formula need calculated for a school district pursuant to
16 subsections (1) through (4) of this section is more than one
17 hundred twelve percent of the formula need for such district for
18 the school fiscal year immediately preceding the school fiscal
19 year for which aid is being calculated, the formula need for such
20 district shall equal one hundred twelve percent of the formula
21 need for such district for the school fiscal year immediately
22 preceding the school fiscal year for which aid is being calculated,
23 except that the formula need shall not be reduced pursuant to
24 this subsection for any district (a) receiving a student growth
25 adjustment for the school fiscal year for which aid is being
26 calculated or (b) for school fiscal year 2008-09, for which the
27 formula students for the certification of aid pursuant to section

1 79-1022 for school fiscal year 2008-09 minus the formula students
2 for the certification of aid pursuant to section 79-1022 for school
3 fiscal year 2007-08 equals at least the greater of twenty-five
4 students or one percent of the formula students for the final
5 calculation of aid pursuant to section 79-1065 for school fiscal
6 year 2007-08. For purposes of this subsection, the formula need for
7 the school fiscal year immediately preceding the school fiscal year
8 for which aid is being calculated shall be the formula need used in
9 the recalculation of aid pursuant to section 79-1065.

10 Sec. 11. The department shall calculate a transportation
11 allowance for each district equal to the lesser of:

12 (1) Each local system's general fund expenditures
13 for regular route transportation and in lieu of transportation
14 expenditures pursuant to section 79-611 in the second school fiscal
15 year immediately preceding the school fiscal year in which aid
16 is to be paid, but not including special education transportation
17 expenditures or other expenditures previously excluded from general
18 fund operating expenditures; or

19 (2) The number of miles traveled in the second school
20 fiscal year immediately preceding the school fiscal year in which
21 aid is to be paid by vehicles owned, leased, or contracted by the
22 district or the districts in the local system for the purpose of
23 regular route transportation multiplied by four hundred percent of
24 the mileage rate established by the Department of Administrative
25 Services pursuant to section 81-1176 as of January 1 of the
26 most recently available complete data year added to in lieu of
27 transportation expenditures pursuant to section 79-611 from the

1 same data year.

2 Sec. 12. The department shall calculate a special
3 receipts allowance for each district equal to the amount of special
4 education, state ward, and accelerated or differentiated curriculum
5 program receipts included in local system formula resources under
6 subdivisions (7), (8), (16), and (17) of section 79-1018.01
7 attributable to the school district.

8 Sec. 13. The department shall calculate a distance
9 education and telecommunications allowance for each school district
10 equal to eighty-five percent of the difference of the costs for
11 (a) telecommunications services, (b) access to data transmission
12 networks that transmit data to and from the school district, and
13 (c) the transmission of data on such networks paid by the school
14 districts in the local system as reported on the annual financial
15 report for the most recently available complete data year minus
16 the receipts from the federal Universal Service Fund pursuant
17 to section 254 of the Telecommunications Act of 1996, 47 U.S.C.
18 254, as such section existed on January 1, 2008, for the school
19 districts in the local system as reported on the annual financial
20 report for the most recently available complete data year.

21 Sec. 14. (1) For school fiscal year 2008-09, the
22 department shall calculate an elementary site allowance for any
23 district in which (a) the district has more than one elementary
24 attendance site, (b) at least one of the elementary attendance
25 sites does not offer any other grades, (c) the square miles in the
26 district divided by the number of elementary attendance sites in
27 the district equals one hundred square miles or more per elementary

1 attendance site, and (d) the fall membership in elementary grades
2 in the district divided by the number of elementary grades then
3 divided again by the number of elementary attendance sites equals
4 fifteen or fewer students per grade per elementary attendance site.
5 Qualifying elementary attendance sites for such districts shall
6 only offer elementary grades and shall have an average of fifteen
7 or fewer students per grade in the fall membership.

8 (2) For school fiscal year 2009-10 and each school fiscal
9 year thereafter, the department shall calculate an elementary site
10 allowance for any district which has at least one qualifying
11 elementary attendance site and which submits the information
12 required for the calculation on a form prescribed by the department
13 on or before October 15 of the school fiscal year preceding the
14 school fiscal year for which aid is being calculated. A qualifying
15 elementary attendance site shall be an elementary attendance site,
16 in a district with multiple elementary attendance sites, which does
17 not have another elementary attendance site within seven miles in
18 the same school district or which is the only public elementary
19 attendance site located in an incorporated city or village.

20 (3) The elementary site allowance for each qualifying
21 district shall equal the sum of the elementary site allowances for
22 each qualifying elementary attendance site in the district. The
23 elementary site allowance for each qualifying elementary attendance
24 site shall equal five hundred percent of the statewide average
25 general fund operating expenditures per formula student multiplied
26 by the result of rounding the ratio of the fall membership
27 attributed to the elementary attendance site divided by eight up to

1 the next whole number if the result was not a whole number, except
2 that if the resulting whole number is greater than the number of
3 elementary grades offered in the elementary attendance site, the
4 whole number shall be reduced to equal the number of grades offered
5 in the elementary attendance site.

6 (4) For purposes of this section:

7 (a) Each district shall determine which grades are
8 considered elementary grades, except that (i) all grades designated
9 as elementary grades shall be offered in each elementary attendance
10 site in the district and (ii) elementary grades shall not include
11 grades nine, ten, eleven, or twelve;

12 (b) An elementary attendance site is an attendance site
13 in which elementary grades are offered;

14 (c) The primary elementary site shall be the elementary
15 attendance site to which the most formula students are attributed
16 in the district and shall not be a qualifying elementary attendance
17 site; and

18 (d) Fall membership means the fall membership for the
19 school fiscal year immediately preceding the school fiscal year for
20 which aid is being calculated.

21 Sec. 15. For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the department shall calculate basic
23 funding for each district as follows:

24 (1) A comparison group shall be established for each
25 district consisting of the districts for which basic funding is
26 being calculated, the five larger districts that are closest in
27 size to the district for which basic funding is being calculated as

1 measured by formula students, and the five smaller districts that
2 are closest in size to the district for which basic funding is
3 being calculated as measured by formula students. If there are not
4 five districts that are larger than the district for which basic
5 funding is being calculated or if there are not five districts
6 that are smaller than the district for which basic funding is
7 being calculated, the comparison group shall consist of only as
8 many districts as fit the criteria. If more than one district
9 has exactly the same number of formula students as the largest or
10 smallest district in the comparison group, all of the districts
11 with exactly the same number of formula students as the largest or
12 smallest districts in the comparison group shall be included in the
13 comparison group. If one or more districts have exactly the same
14 number of formula students as the district for which basic funding
15 is being calculated, all such districts shall be included in the
16 comparison group in addition to the five larger districts and the
17 five smaller districts;

18 (2) For districts with nine hundred or more formula
19 students, basic funding shall equal the adjusted formula students
20 multiplied by the average of the adjusted general fund operating
21 expenditures per formula student for each district in the
22 comparison group, excluding both the district with the highest
23 adjusted general fund operating expenditures per adjusted formula
24 student and the district with the lowest adjusted general fund
25 operating expenditures per formula student of the districts in the
26 comparison group; and

27 (3) For districts with fewer than nine hundred formula

1 students, basic funding shall equal the product of the average
2 of the adjusted general fund operating expenditures for each
3 district in the comparison group, excluding both the district
4 with the highest adjusted general fund operating expenditures
5 and the district with the lowest adjusted general fund operating
6 expenditures of the districts in the comparison group.

7 Sec. 16. For school fiscal year 2008-09 and each school
8 fiscal year thereafter, the department shall calculate a local
9 choice adjustment for each district that:

10 (1) Has fewer than three hundred ninety formula students;

11 (2) Is not in a sparse local system or a very sparse
12 local system; and

13 (3) Did not receive federal funds in excess of
14 twenty-five percent of its general fund budget of expenditures in
15 the most recently available complete data year or in either of
16 the two school fiscal years preceding the most recently available
17 complete data year.

18 The local choice adjustment for each such district shall
19 equal fifty percent of the difference between the basic funding
20 per formula student for the district for which the local choice
21 adjustment is being calculated and the basic funding per formula
22 student for the district that has the closest to three hundred
23 ninety formula students multiplied by the formula students for the
24 district for which the local choice adjustment is being calculated,
25 except that the local choice adjustment shall equal zero if the
26 basic funding per formula student for the district for which the
27 local choice adjustment is being calculated is less than the basic

1 funding per formula student for the district that has the closest
2 to three hundred ninety formula students. If more than one district
3 has the closest to three hundred ninety formula students, the
4 basic funding representing the district that has the closest to
5 three hundred ninety formula students shall equal the average of
6 the basic funding per formula student for each such district. The
7 closest to three hundred ninety formula students shall be measured
8 using the absolute value of the difference of three hundred ninety
9 students minus the district formula students with the difference
10 rounded to the nearest whole number.

11 Sec. 17. For school fiscal year 2008-09 and each school
12 fiscal year thereafter, the department shall calculate an averaging
13 adjustment for districts if the basic funding per formula student
14 is less than the statewide average basic funding per formula
15 student and the general fund levy for the school fiscal year
16 immediately preceding the school fiscal year for which aid is
17 being calculated was at least one dollar per one hundred dollars
18 of taxable valuation. For school districts that are members of
19 a learning community, the general fund levy for purposes of this
20 section includes both the common general fund levy and the school
21 district general fund levy authorized pursuant to subsections
22 (2)(b) and (2)(c) of section 77-3442. The averaging adjustment
23 shall equal the district's formula students multiplied by the
24 percentage specified in this section for such district of the
25 difference between the statewide average basic funding per formula
26 student minus such district's basic funding per formula student.

27 The percentage to be used in the calculation of an

1 averaging adjustment shall be based on the general fund levy for
2 the school fiscal year immediately preceding the school fiscal year
3 for which aid is being calculated as follows:

4 (1) If such levy was at least one dollar per one hundred
5 dollars of taxable valuation, but less than one dollar and one cent
6 per one hundred dollars of taxable valuation, the percentage shall
7 be fifty percent;

8 (2) If such levy was at least one dollar and one cent per
9 one hundred dollars of taxable valuation, but less than one dollar
10 and two cents per one hundred dollars of taxable valuation, the
11 percentage shall be sixty percent;

12 (3) If such levy was at least one dollar and two cents
13 per one hundred dollars of taxable valuation, but less than
14 one dollar and three cents per one hundred dollars of taxable
15 valuation, the percentage shall be seventy percent;

16 (4) If such levy was at least one dollar and three cents
17 per one hundred dollars of taxable valuation, but less than one
18 dollar and four cents per one hundred dollars of taxable valuation,
19 the percentage shall be eighty percent; and

20 (5) If such levy was at least one dollar and four cents
21 per one hundred dollars of taxable valuation, the percentage shall
22 be ninety percent.

23 Sec. 18. For school fiscal year 2008-09 and each school
24 fiscal year thereafter, the department shall calculate a teacher
25 education adjustment for each district as follows:

26 (1) Teacher education points shall be calculated for each
27 district by the department. Each district shall receive one point

1 for each full-time equivalent teacher who has earned and been
2 awarded a master's degree or the equivalent of a master's degree
3 as determined by the department and one additional point for each
4 full-time equivalent teacher who has earned and been awarded a
5 doctoral degree;

6 (2) A teacher education index shall be calculated for
7 each district by dividing the ratio of teacher education points for
8 the district divided by the number of full-time equivalent teachers
9 in the district by the ratio of teacher education points for all
10 districts divided by the number of full-time equivalent teachers in
11 all districts; and

12 (3) The teacher education adjustment for each district
13 shall equal thirteen and seventy-five one-hundredths percent of
14 the district's basic funding multiplied by the difference of the
15 product of the district's teacher education index minus 1, except
16 that if the result is less than zero, the teacher education
17 adjustment shall equal zero.

18 Sec. 19. (1) For school fiscal year 2009-10 and each
19 school fiscal year thereafter, school districts may apply to the
20 state board for a student growth adjustment, on a form prescribed
21 by the department, on or before October 10 of the school fiscal
22 year immediately preceding the school fiscal year for which aid
23 is being calculated. Such form shall require an estimate of the
24 average daily membership for the school fiscal year for which aid
25 is being calculated, the estimated student growth calculated by
26 subtracting the fall membership of the current school fiscal year
27 from the estimated average daily membership for the school fiscal

1 year for which aid is being calculated, and evidence supporting
2 the estimates. At the immediately following November state board
3 meeting, the state board shall approve the estimated student
4 growth, approve a modified student growth, or deny the application
5 based on the requirements of this section, the evidence submitted
6 on the application, and any other information provided by the
7 department. The department shall notify each school district of
8 the action taken by the state board within five days following the
9 November state board meeting. School districts may appeal denials
10 and modifications at the December state board meeting if notice is
11 given to the state board by the school district within ten days
12 following the November state board meeting on a form prescribed by
13 the department. Such appeal shall include a public hearing before
14 the state board.

15 (2) The student growth adjustment for each approved
16 district shall equal the sum of the product of the school
17 district's basic funding per formula student multiplied by the
18 difference of the approved student growth minus the greater of
19 twenty-five students or one percent of the fall membership for the
20 school fiscal year immediately preceding the school fiscal year for
21 which aid is being calculated plus the product of fifty percent of
22 the school district's basic funding per formula student multiplied
23 by the greater of twenty-five students or one percent of the fall
24 membership for the school fiscal year immediately preceding the
25 school fiscal year for which aid is being calculated.

26 (3) For school fiscal year 2011-12 and each school
27 fiscal year thereafter, the department shall calculate a student

1 growth adjustment correction for each district that received a
2 student growth adjustment for aid distributed in the most recently
3 available complete data year. Such student growth correction shall
4 equal the product of the difference of the average daily membership
5 for such school fiscal year minus the sum of the formula students
6 and the approved student growth used to calculate the student
7 growth adjustment for such school fiscal year multiplied by the
8 school district's basic funding per formula student used in the
9 final calculation of aid pursuant to section 79-1065 for such
10 school fiscal year, except that the absolute value of a negative
11 correction shall not exceed the original adjustment.

12 Sec. 20. (1) For school fiscal year 2009-10 and each
13 school fiscal year thereafter, school districts may apply to the
14 state board for a two-year new school adjustment, on a form
15 prescribed by the department, on or before October 10 of the
16 school fiscal year immediately preceding the school fiscal year for
17 which the first-year new school adjustment would be included in
18 the calculation of state aid. Such form shall require evidence of
19 recent and expected student growth, evidence that a new building
20 or the expansion or remodeling of an existing building is being
21 completed to provide additional student capacity to accommodate
22 such growth and not to replace an existing building, evidence
23 that the school fiscal year for which the district would receive
24 the first-year adjustment will be the first full school fiscal
25 year for which students will utilize such additional capacity,
26 and evidence of the estimated additional student capacity to be
27 provided by the project. At the immediately following November

1 state board meeting, the state board shall approve the estimated
2 additional capacity for use in the adjustment, approve a modified
3 estimated additional capacity for use in the adjustment, or deny
4 the application based on the requirements of this section, the
5 evidence submitted on the application, and any other information
6 provided by the department. Each approval shall include an approved
7 estimated additional student capacity for the new building. The
8 department shall notify each school district of the action taken by
9 the state board within five days following the November state board
10 meeting. School districts may appeal denials and modifications at
11 the December state board meeting if notice is given to the state
12 board by the school district within ten days following the November
13 state board meeting on a form prescribed by the department. Such
14 appeal shall include a public hearing before the state board.

15 (2) The first-year new school adjustment for each
16 approved district shall equal the school district's basic funding
17 per formula student multiplied by twenty percent of the approved
18 estimated additional student capacity. The second-year new school
19 adjustment for each approved district shall equal the school
20 district's basic funding per formula student multiplied by ten
21 percent of the approved estimated additional student capacity.

22 Sec. 21. (1) For state aid calculated for each of the
23 first two full school fiscal years of a new learning community,
24 each member school district may apply to the state board for a new
25 learning community transportation adjustment, on a form prescribed
26 by the department, on or before October 10 of the school fiscal
27 year immediately preceding the school fiscal year for which the

1 new learning community transportation adjustment would be included
2 in the calculation of state aid. Such form shall require evidence
3 supporting estimates of increased transportation costs for the
4 district due to the provisions of subsection (2) of section 79-611.
5 At the immediately following November state board meeting, the
6 state board shall approve the estimate of increased transportation
7 costs for use in the adjustment, approve a modified estimate of
8 increased transportation costs for use in the adjustment, or deny
9 the application based on the requirements of this section, the
10 evidence submitted on the application, and any other information
11 provided by the department. The department shall notify each school
12 district of the action taken by the state board within five
13 days following the November state board meeting. School districts
14 may appeal denials and modifications at the December state board
15 meeting if notice is given to the state board by the school
16 district within ten days following the November state board meeting
17 on a form prescribed by the department. Such appeal shall include a
18 public hearing before the state board.

19 (2) The new learning community transportation adjustment
20 shall equal the approved estimate of increased transportation
21 costs due to the provisions of subsection (2) of section 79-611.
22 School districts shall submit evidence of the actual increase in
23 transportation costs due to the provisions of subsection (2) of
24 section 79-611, and the department shall recalculate the adjustment
25 using such actual costs pursuant to 79-1065.

26 Sec. 22. For state aid calculated for school fiscal year
27 2009-10 and each school fiscal year thereafter:

1 (1) The department shall calculate an instructional time
2 allowance for each district equal to the product of the formula
3 students of such district multiplied by the instructional time
4 factor for such district multiplied by eighty-five percent of the
5 statewide average general fund operating expenditures per formula
6 student.

7 (2) The instructional time factor shall equal the
8 difference of the ratio of the district's average hours of
9 instruction for each full-time student during the regular school
10 year for the most recently available complete data year divided
11 by the comparison group average hours of instruction for each
12 full-time student during the regular school year for the most
13 recently available complete data year minus one, except that if
14 the result is less than zero, the instructional time factor shall
15 equal zero.

16 (3) The department shall develop a form for determining
17 the district's average hours of instruction for each full-time
18 student. The comparison group average hours of instruction for each
19 full-time student shall be an average of the averages for the
20 school districts in the comparison group.

21 Sec. 23. Section 79-1007.04, Revised Statutes Supplement,
22 2007, is amended to read:

23 79-1007.04 (1) For school fiscal year years 2008-09
24 through 2012-13, and each school fiscal year thereafter, the
25 department shall determine the elementary class size allowance for
26 each school district.

27 (2) For school fiscal year 2008-09, the ~~The~~ allowance

1 shall equal the statewide average general fund operating
2 expenditures per formula student multiplied by 0.20 then multiplied
3 by the number of students in the school district in kindergarten
4 through grade eight who qualify for free or reduced-price lunches
5 and who spend at least fifty percent of the school day in a
6 classroom with a minimum of ten students and a maximum of twenty
7 students as reported on the fall membership report from the school
8 fiscal year immediately preceding the school fiscal year in which
9 the aid is to be paid. ~~for state aid certified pursuant to section~~
10 ~~79-1022 and as reported on the annual statistical summary report~~
11 ~~from the school fiscal year immediately preceding the school fiscal~~
12 ~~year in which the aid was paid for the final calculation of state~~
13 ~~aid pursuant to section 79-1065.~~

14 (3) For school fiscal years 2009-10 through 2012-13, the
15 allowance shall equal the statewide average general fund operating
16 expenditures per formula student multiplied by twenty percent of
17 the number of students in the school district in kindergarten
18 through grade three who spend at least fifty percent of the school
19 day in one or more classrooms with a minimum of ten students and
20 a maximum of twenty students as reported on the fall membership
21 report from the school fiscal year immediately preceding the
22 school fiscal year in which the aid is to be paid for state aid
23 certified pursuant to section 79-1022 and as reported on the annual
24 statistical summary report from the school fiscal year immediately
25 preceding the school fiscal year in which the aid was paid for the
26 final calculation of state aid pursuant to section 79-1065.

27 Sec. 24. Section 79-1007.06, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1007.06 (1) For school fiscal year 2008-09 and each
3 school fiscal year thereafter, the department shall determine
4 the poverty allowance for each school district that meets the
5 requirements of this section and has not been disqualified pursuant
6 to section 79-1007.07. Each school district shall designate a
7 maximum poverty allowance on a form prescribed by the department
8 on or before ~~November 1~~ October 10 of the school fiscal year
9 immediately preceding the school fiscal year for which aid is
10 being calculated. The school district may decline to participate
11 in the poverty allowance by providing the department with a
12 maximum poverty allowance of zero dollars on such form on or
13 before ~~November 1~~ October 10 of the school fiscal year immediately
14 preceding the school fiscal year for which aid is being calculated.
15 Each school district designating a maximum poverty allowance
16 greater than zero dollars shall submit a poverty plan pursuant
17 to section 79-1013.

18 (2) The poverty allowance for each school district that
19 has not been disqualified pursuant to section 79-1007.07 shall
20 equal the lesser of:

21 (a) The maximum amount designated pursuant to subsection
22 (1) of this section by the school district in the local system, if
23 such school district designated a maximum amount, for the school
24 fiscal year for which aid is being calculated; or

25 (b) ~~Sixty-one percent of the~~ The sum of:

26 (i) The statewide average general fund operating
27 expenditures per formula student multiplied by ~~0.05~~ 0.0375 then

1 multiplied by the poverty students comprising more than five
2 percent and not more than ten percent of the formula students in
3 the school district; plus

4 (ii) The statewide average general fund operating
5 expenditures per formula student multiplied by ~~0.10~~ 0.0750 then
6 multiplied by the poverty students comprising more than ten percent
7 and not more than fifteen percent of the formula students in the
8 school district; plus

9 (iii) The statewide average general fund operating
10 expenditures per formula student multiplied by ~~0.15~~ 0.1125 then
11 multiplied by the poverty students comprising more than fifteen
12 percent and not more than twenty percent of the formula students in
13 the school district; plus

14 (iv) The statewide average general fund operating
15 expenditures per formula student multiplied by ~~0.20~~ 0.1500 then
16 multiplied by the poverty students comprising more than twenty
17 percent and not more than twenty-five percent of the formula
18 students in the school district; plus

19 (v) The statewide average general fund operating
20 expenditures per formula student multiplied by ~~0.25~~ 0.1875 then
21 multiplied by the poverty students comprising more than twenty-five
22 percent and not more than thirty percent of the formula students in
23 the school district; plus

24 (vi) The statewide average general fund operating
25 expenditures per formula student multiplied by ~~0.30~~ 0.2250 then
26 multiplied by the poverty students comprising more than thirty
27 percent of the formula students in the school district.

1 Sec. 25. Section 79-1007.07, Revised Statutes Supplement,
2 2007, is amended to read:

3 79-1007.07 (1)(a) For school fiscal year 2007-08, the
4 annual financial report required pursuant to section 79-528 shall
5 include:

6 (i) The amount of federal funds received based on poverty
7 as defined by the federal program providing the funds; and

8 (ii) The expenditures and sources of funding for each
9 program related to poverty with a narrative description of the
10 program and the method used to allocate money to the program and
11 within the program.

12 (b) The department shall set up accounting codes for the
13 receipts and expenditures required to be reported on the annual
14 financial report pursuant to this subsection. The department shall
15 also determine for each school district an amount that shall
16 be deemed the poverty allowance for purposes of this section.
17 Such amount shall equal the adjustments to the weighted formula
18 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01
19 multiplied by the average formula cost per student in the school
20 district's cost grouping.

21 (2)(a) For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the annual financial report required
23 pursuant to section 79-528 shall include:

24 (i) The amount of the poverty allowance used in the
25 certification of state aid pursuant to section 79-1022 for such
26 school fiscal year;

27 (ii) The amount of federal funds received based on

1 poverty as defined by the federal program providing the funds;

2 (iii) The expenditures and sources of funding for each
3 program related to poverty with a narrative description of the
4 program, the method used to allocate money to the program and
5 within the program, and the program's relationship to the poverty
6 plan submitted pursuant to section 79-1013 for such school fiscal
7 year; and

8 (iv) The expenditures and sources of funding for support
9 costs directly attributable to implementing the district's poverty
10 plan; and

11 ~~(iv)~~ (v) An explanation of how any required elements of
12 the poverty plan for such school fiscal year were met.

13 (b) The department shall set up accounting codes for the
14 receipts and expenditures required to be reported on the annual
15 financial report pursuant to this subsection.

16 (3) For school fiscal year 2009-10 and each school
17 fiscal year thereafter, the department shall determine the poverty
18 allowance expenditures using the reported expenditures on the
19 annual financial report for the most recently available complete
20 data year that would include in the poverty allowance expenditures
21 only those expenditures that were used to specifically address
22 issues related to the education of students living in poverty or
23 to the implementation of the poverty plan, that do not replace
24 expenditures that would have occurred if the students involved in
25 the program did not live in poverty, that are not included in other
26 allowances, and that are ~~not paid for with federal funds~~, paid for
27 with noncategorical funds generated by state or local taxes. The

1 department shall establish a procedure to allow school districts to
2 receive preapproval for categories of expenditures that could be
3 included in poverty allowance expenditures.

4 (4) For school fiscal year 2009-10 and each school fiscal
5 year thereafter, if the poverty allowance expenditures do not
6 equal 117.65 percent or more of the poverty allowance for the
7 most recently available complete data year, the department shall
8 calculate a poverty allowance correction. The poverty allowance
9 correction shall equal the poverty allowance minus eighty-five
10 percent of the poverty allowance expenditures. If the poverty
11 allowance expenditures do not equal fifty percent or more of the
12 allowance for such school fiscal year, the school district shall
13 also be disqualified from receiving a poverty allowance for the
14 school fiscal year for which aid is being calculated.

15 (5) For school fiscal year 2010-11 and each school fiscal
16 year thereafter, if the department determines that the school
17 district did not meet the required elements of the poverty plan
18 for the most recently available complete data year, the department
19 shall calculate a poverty allowance correction equal to fifty
20 percent of the poverty allowance for such school fiscal year and
21 the school district shall also be disqualified from receiving a
22 poverty allowance for the school fiscal year for which aid is being
23 calculated. Any poverty allowance correction calculated pursuant to
24 this subsection shall be added to any poverty allowance correction
25 calculated pursuant to subsection (4) of this section to arrive at
26 the total poverty allowance correction.

27 (6) The department may request additional information

1 from any school district to assist with calculations and
2 determinations pursuant to this section. If the school district
3 does not provide information upon the request of the department
4 pursuant to this section, the school district shall be disqualified
5 from receiving a poverty allowance for the school fiscal year for
6 which aid is being calculated.

7 (7) The department shall annually provide the Legislature
8 with a report containing a general description of the expenditures
9 and funding sources for programs related to poverty statewide and
10 specific descriptions of the expenditures and funding sources for
11 programs related to poverty for each school district.

12 (8) The state board shall establish a procedure for
13 appeal of decisions of the department to the state board for a
14 final determination.

15 Sec. 26. Section 79-1007.08, Revised Statutes Supplement,
16 2007, is amended to read:

17 79-1007.08 (1) For school fiscal year 2008-09 and each
18 school fiscal year thereafter, the department shall determine the
19 limited English proficiency allowance for each school district
20 that meets the requirements of this section and has not been
21 disqualified pursuant to section 79-1007.09. Each school district
22 shall designate a maximum limited English proficiency allowance
23 on or before ~~November 1~~ October 10 of the school fiscal year
24 immediately preceding the school fiscal year for which aid is
25 being calculated. The school district may decline to participate
26 in the limited English proficiency allowance by providing the
27 department with a maximum limited English proficiency allowance of

1 zero dollars on such form on or before ~~November 1~~ October 10 of
2 the school fiscal year immediately preceding the school fiscal year
3 for which aid is being calculated. Each school district designating
4 a maximum limited English proficiency allowance greater than zero
5 dollars shall submit a limited English proficiency plan pursuant to
6 section 79-1014.

7 (2) The limited English proficiency allowance for each
8 school district that has not been disqualified pursuant to section
9 79-1007.09 shall equal the lesser of:

10 (a) The amount designated pursuant to subsection (1)
11 of this section by the school district, if such school district
12 designated a maximum amount, for the school fiscal year for which
13 aid is being calculated; or

14 (b) The statewide average general fund operating
15 expenditures per formula student multiplied by 0.25 then multiplied
16 by:

17 (i) The number of students in the school district who are
18 limited English proficient as defined under 20 U.S.C. 7801, as such
19 section existed on January 1, 2006, if such number is greater than
20 or equal to twelve;

21 (ii) Twelve, if the number of students in the school
22 district who are limited English proficient as defined under 20
23 U.S.C. 7801, as such section existed on January 1, 2006, is greater
24 than or equal to one and less than twelve; or

25 (iii) Zero, if the number of students in the school
26 district who are limited English proficient as defined under 20
27 U.S.C. 7801, as such section existed on January 1, 2006, is less

1 than one.

2 Sec. 27. Section 79-1007.09, Revised Statutes Supplement,
3 2007, is amended to read:

4 79-1007.09 (1)(a) For school fiscal year 2007-08, the
5 annual financial report required pursuant to section 79-528 shall
6 include:

7 (i) The amount of federal funds received based on
8 students who are limited English proficient as defined by the
9 federal program providing the funds; and

10 (ii) The expenditures and sources of funding for each
11 program related to limited English proficiency with a narrative
12 description of the program and the method used to allocate money to
13 the program and within the program.

14 (b) The department shall set up accounting codes for the
15 receipts and expenditures required to be reported on the annual
16 financial report pursuant to this subsection. The department shall
17 also determine for each school district an amount that shall
18 be deemed the limited English proficiency allowance for purposes
19 of this section. Such amount shall equal the adjustments to the
20 weighted formula students pursuant to subdivision (1)(c)(ii) of
21 section 79-1007.01 multiplied by the average formula cost per
22 student in the school district's cost grouping.

23 (2)(a) For school fiscal year 2008-09 and each school
24 fiscal year thereafter, the annual financial report required
25 pursuant to section 79-528 shall include:

26 (i) The amount of the limited English proficiency
27 allowance used in the certification of state aid pursuant to

1 section 79-1022 for such school fiscal year;

2 (ii) The amount of federal funds received based on
3 students who are limited English proficient as defined by the
4 federal program providing the funds;

5 (iii) The expenditures and sources of funding for each
6 program related to limited English proficiency with a narrative
7 description of the program, the method used to allocate money to
8 the program and within the program, and the program's relationship
9 to the limited English proficiency plan submitted pursuant to
10 section 79-1014 for such school fiscal year; and

11 (iv) The expenditures and sources of funding for support
12 costs directly attributable to implementing the district's limited
13 English proficiency plan; and

14 ~~(iv)~~ (v) An explanation of how any required elements of
15 the limited English proficiency plan for such school fiscal year
16 were met.

17 (b) The department shall set up accounting codes for the
18 receipts and expenditures required to be reported on the annual
19 financial report pursuant to this subsection.

20 (3) For school fiscal year 2009-10 and each school fiscal
21 year thereafter, the department shall determine the limited English
22 proficiency allowance expenditures using the reported expenditures
23 on the annual financial report for the most recently available
24 complete data year that would only include in the limited English
25 proficiency allowance expenditures those expenditures that were
26 used to specifically address issues related to the education of
27 students with limited English proficiency or to the implementation

1 of the limited English proficiency plan, that do not replace
2 expenditures that would have occurred if the students involved in
3 the program did not have limited English proficiency, that are
4 not included in other allowances, and that are ~~not paid for with~~
5 ~~federal funds~~. paid for with noncategorical funds generated by
6 state or local taxes. The department shall establish a procedure
7 to allow school districts to receive preapproval for categories of
8 expenditures that could be included in limited English proficiency
9 allowance expenditures.

10 (4) For school fiscal year 2009-10 and each school fiscal
11 year thereafter, if the limited English proficiency allowance
12 expenditures do not equal 117.65 percent or more of the limited
13 English proficiency allowance for the most recently available
14 complete data year, the department shall calculate a limited
15 English proficiency allowance correction. The limited English
16 proficiency allowance correction shall equal the limited English
17 proficiency allowance minus eighty-five percent of the limited
18 English proficiency allowance expenditures. If the limited English
19 proficiency allowance expenditures do not equal fifty percent or
20 more of the allowance for such school fiscal year, the school
21 district shall also be disqualified from receiving a limited
22 English proficiency allowance for the school fiscal year for which
23 aid is being calculated.

24 (5) For school fiscal year 2010-11 and each school fiscal
25 year thereafter, if the department determines that the school
26 district did not meet the required elements of the limited English
27 proficiency plan for the most recently available complete data

1 year, the department shall calculate a limited English proficiency
2 allowance correction equal to fifty percent of the limited English
3 proficiency allowance for such school fiscal year and the school
4 district shall also be disqualified from receiving a limited
5 English proficiency allowance for the school fiscal year for which
6 aid is being calculated. Any limited English proficiency allowance
7 correction calculated pursuant to this subsection shall be added
8 to any limited English proficiency allowance correction calculated
9 pursuant to subsection (4) of this section to arrive at the total
10 limited English proficiency allowance correction.

11 (6) The department may request additional information
12 from any school district to assist with calculations and
13 determinations pursuant to this section. If the school district
14 does not provide information upon the request of the department
15 pursuant to this section, the school district shall be disqualified
16 from receiving a limited English proficiency allowance for the
17 school fiscal year for which aid is being calculated.

18 (7) The department shall annually provide the Legislature
19 with a report containing a general description of the expenditures
20 and funding sources for programs related to limited English
21 proficiency statewide and specific descriptions of the expenditures
22 and funding sources for programs related to limited English
23 proficiency for each school district.

24 (8) The state board shall establish a procedure for
25 appeal of decisions of the department to the state board for a
26 final determination.

27 Sec. 28. Section 79-1007.10, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1007.10 For state aid calculated for school fiscal
3 year 2008-09 and each school fiscal year thereafter, the cost
4 growth factor for each cost grouping is equal to the sum of: (1)
5 One; plus (2) the product of two times the ratio of the difference
6 of (a) the formula students attributable to the cost grouping
7 without weighting or adjustment pursuant to section 79-1007.03
8 minus the qualified early childhood education fall membership
9 attributable to the cost grouping without such weighting or
10 adjustment for state aid certified pursuant to section 79-1022
11 minus (b) the difference of the sum of the average daily membership
12 plus tuitioned students attributable to the cost grouping for the
13 most recently available complete data year minus the qualified
14 early childhood education average daily membership attributable to
15 the cost grouping without such weighting or adjustment for the most
16 recently available complete data year divided by the difference of
17 the sum of the average daily membership plus tuitioned students
18 attributable to the cost grouping for the most recently available
19 complete data year minus the qualified early childhood education
20 average daily membership attributable to the cost grouping without
21 such weighting or adjustment for the most recently available
22 complete data year, except that the ratio shall not be less than
23 zero; plus (3) the basic allowable growth rate pursuant to section
24 79-1025 for the school fiscal year in which the aid is to be
25 distributed; plus (4) the basic allowable growth rate pursuant to
26 section 79-1025 for the school fiscal year immediately preceding
27 the school fiscal year in which the aid is to be distributed;

1 plus ~~(5)~~ any additional growth rate allowed by special action of
2 school boards for the school fiscal year in which the aid is to
3 be distributed as determined for the school fiscal year immediately
4 preceding the school fiscal year when aid is to be distributed;
5 plus ~~(6)~~ any additional growth rate allowed by special action of
6 the school boards for the school fiscal year immediately preceding
7 the school fiscal year when the aid is to be distributed.

8 For state aid calculated for school fiscal year 2008-09
9 and each school fiscal year thereafter, the cost growth factor
10 shall equal the sum of: (a) One; plus (b) the basic allowable
11 growth rate pursuant to section 79-1025 for the school fiscal year
12 in which the aid is to be distributed; plus (c) the basic allowable
13 growth rate pursuant to section 79-1025 for the school fiscal year
14 immediately preceding the school fiscal year in which the aid is to
15 be distributed; plus (d) one percent.

16 Sec. 29. Section 79-1008.01, Revised Statutes Cumulative
17 Supplement, 2006, is amended to read:

18 79-1008.01 ~~(1)~~ Except as provided in subsection ~~(2)~~ of
19 this section and sections 79-1008.02 to 79-1010, each local system
20 shall receive equalization aid in the amount that the total formula
21 need of each local system, as determined pursuant to sections
22 79-1007.01 to 79-1007.10 and sections 10 to 22 of this act, exceeds
23 its total formula resources as determined pursuant to sections
24 79-1015.01 to 79-1018.01.

25 ~~(2)~~ Except as provided in section 79-1008.02, a local
26 system shall not receive state aid for any school fiscal year,
27 except school fiscal years 2002-03 through 2007-08, which is less

1 than an amount equal to the difference of eighty-five percent of
2 the amount of aid certified in the preceding school fiscal year
3 minus an amount equal to any increase in the adjusted valuation
4 between the adjusted valuation used for the certification of aid in
5 the preceding school fiscal year and the adjusted valuation used
6 for the aid being calculated multiplied by the maximum levy, for
7 the school fiscal year for which aid is being certified, pursuant
8 to subdivision (2)(a) or (b) of section 77-3442 without a vote
9 pursuant to section 77-3444.

10 (3) Except as provided in section 79-1008.02, a local
11 system shall not receive state aid for school fiscal years
12 2002-03 through 2007-08 which is less than an amount equal to
13 the difference of eighty-three and three-fourths percent of the
14 amount of aid certified in the preceding school fiscal year minus
15 an amount equal to any increase in the adjusted valuation between
16 the adjusted valuation used for the certification of aid in the
17 preceding school fiscal year and the adjusted valuation used for
18 the aid being calculated multiplied by the maximum levy, for the
19 school fiscal year for which aid is being certified, pursuant to
20 subdivision (2)(a) of section 77-3442 without a vote pursuant to
21 section 77-3444.

22 (4) Except as provided in subsection (2) or (3) of this
23 section, no local system may receive equalization aid such that,
24 when total aid is added to a levy ten cents less than the maximum
25 levy, for the school fiscal year for which aid is being certified,
26 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a
27 vote pursuant to section 77-3444, multiplied by the local system's

1 adjusted valuation, would result in total local system revenue from
2 state aid plus property tax receipts which exceeds the total of:

3 (a) The sum of state aid, receipts from other school
4 districts related to annexation, and property tax receipts received
5 by the local system during the preceding school fiscal year
6 multiplied by the total of (i) 1.01 plus (ii) the applicable
7 allowable growth rate for the local system calculated pursuant
8 to section 79-1026 as determined for the school fiscal year
9 immediately preceding the school fiscal year when aid is to be
10 distributed plus (iii) the percentage growth in formula students
11 from the certification of state aid for the immediately preceding
12 school fiscal year to the formula students for the certification
13 of state aid for the current school fiscal year, except that the
14 percentage growth shall not be less than zero;

15 (b) Unused budget authority authorized pursuant to
16 section 79-1030 for all school districts in the local system;

17 (c) The difference between the other actual receipts
18 included in local system formula resources for the certification
19 of state aid in the preceding school fiscal year and other
20 actual receipts included in local system formula resources for the
21 certification of state aid for the current school fiscal year,
22 except that such difference shall not be less than zero; and

23 (d) The absolute value of any negative prior year
24 adjustment pursuant to section 79-1065.

25 For local systems that have reorganized, state aid,
26 property tax receipts, and number of formula students shall
27 be attributed based on valuation. The formation of a learning

1 community shall be considered a reorganization for purposes of
2 this subsection. The revenue from property tax receipts shall be
3 calculated by multiplying the reported general fund common levy by
4 the assessed valuation subject to the levy divided by one hundred.

5 (5) For all school fiscal years except school fiscal
6 years 2002-03 through 2007-08, the aid that is not distributed
7 through equalization based on subsection (4) of this section
8 shall be distributed through this subsection to the extent local
9 systems qualify for such distributions. Local systems qualify
10 for distribution under this subsection if they have nine hundred
11 or less formula students and adjusted general fund operating
12 expenditures per formula student less than the average for all
13 local systems with nine hundred or less formula students. The aid
14 shall be distributed proportionally to qualifying districts based
15 on the dollar amount each local system's calculated state aid plus
16 the product of a levy of one dollar multiplied by the assessed
17 valuation divided by one hundred is below ninety percent of state
18 aid plus property tax receipts received by the local system during
19 the preceding school fiscal year. No system shall receive aid
20 pursuant to this subsection such that the calculated state aid plus
21 the product of a levy of one dollar multiplied by the assessed
22 valuation divided by one hundred is ninety percent or more of state
23 aid plus property tax receipts received by the local system during
24 the preceding school fiscal year.

25 (6) For school fiscal years 2002-03 through 2007-08,
26 the aid that is not distributed through equalization based on
27 subsection (3) of this section shall be distributed through

1 this subsection to the extent local systems qualify for such
2 distributions. Local systems qualify for distribution under this
3 subsection if they have nine hundred or less formula students and
4 adjusted general fund operating expenditures per formula student
5 less than the average for all local systems with nine hundred or
6 less formula students. The aid shall be distributed proportionally
7 to qualifying districts based on the dollar amount each local
8 system's calculated state aid plus the product of a levy equal to
9 the maximum levy, for the school fiscal year for which aid is being
10 certified, pursuant to subdivision (2)(a) or (b) of section 77-3442
11 without a vote pursuant to section 77-3444, multiplied by the
12 assessed valuation is below eighty-eight and three-fourths percent
13 of state aid plus property tax receipts received by the local
14 system during the preceding school fiscal year. No system shall
15 receive aid pursuant to this subsection such that the calculated
16 state aid plus the product of a levy equal to the maximum levy, for
17 the school fiscal year for which aid is being certified, pursuant
18 to subdivision (2)(a) or (b) of section 77-3442 without a vote
19 pursuant to section 77-3444, multiplied by the assessed valuation
20 is eighty-eight and three-fourths percent or more of state aid
21 plus property tax receipts received by the local system during the
22 preceding school fiscal year.

23 Sec. 30. Section 79-1008.02, Revised Statutes Supplement,
24 2007, is amended to read:

25 79-1008.02 A minimum levy adjustment shall be calculated
26 and applied to any local system that has a general fund common levy
27 for the fiscal year during which aid is certified that is less

1 than the maximum levy, for such fiscal year for such local system,
2 allowed pursuant to subdivision (2)(a) or (b) of section 77-3442
3 without a vote pursuant to section 77-3444 less ~~two~~ five cents
4 for learning communities and less ten cents for all other local
5 systems. To calculate the minimum levy adjustment, the department
6 shall subtract the local system general fund common levy for such
7 fiscal year for such local system from the maximum levy allowed
8 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a
9 vote pursuant to section 77-3444 less ~~two~~ five cents for learning
10 communities and less ten cents for all other local systems and
11 multiply the result by the local system's adjusted valuation for
12 school fiscal years prior to school fiscal year 2008-09 and by the
13 local system's assessed valuation for school fiscal year 2008-09
14 and each school fiscal year thereafter divided by one hundred. The
15 minimum levy adjustment shall be added to the formula resources of
16 the local system for the determination of equalization aid pursuant
17 to section 79-1008.01. If the minimum levy adjustment is greater
18 than or equal to the allocated income tax funds calculated pursuant
19 to section 79-1005.01 or 79-1005.02, the local system shall not
20 receive allocated income tax funds. If the minimum levy adjustment
21 is less than the allocated income tax funds calculated pursuant to
22 section 79-1005.01 or 79-1005.02, the local system shall receive
23 allocated income tax funds in the amount of the difference between
24 the allocated income tax funds calculated pursuant to section
25 79-1005.01 or 79-1005.02 and the minimum levy adjustment. This
26 section does not apply to the calculation of aid for a local system
27 containing a learning community for the first school fiscal year

1 for which aid is calculated for such local system.

2 Sec. 31. Section 79-1009, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 79-1009 (1) A district shall receive net option funding
5 if option students as defined in section 79-233 ~~(a)~~ were actually
6 enrolled in the school year immediately preceding the school year
7 in which the aid is to be paid. ~~or (b) will be enrolled in the~~
8 ~~school year in which the aid is to be paid as converted contract~~
9 ~~option students.~~ The determination of the net number of option
10 students shall be based on the number of students enrolled in the
11 district as option students and the number of students residing in
12 the district but enrolled in another district as option students as
13 of the day of the fall membership count pursuant to section 79-528,
14 for the school fiscal year immediately preceding the school fiscal
15 year in which aid is to be paid. Net number of option students
16 means the difference of the number of option students enrolled in
17 the district minus the number of students residing in the district
18 but enrolled in another district as option students.

19 (2) For purposes of this section: (a) For all school
20 fiscal years except school fiscal years 2002-03 through 2007-08,
21 net option funding means the sum of the products of the net
22 number of option students in each grade range multiplied by the
23 statewide average cost grouping cost per student multiplied by
24 the weighting factor for the corresponding grade range pursuant to
25 section 79-1007.01; and ~~(b) for~~ school fiscal years 2002-03 through
26 2007-08, net option funding shall be calculated by subtracting the
27 temporary aid adjustment factor from the sum of the products of the

1 net number of option students in each grade range multiplied by
2 the statewide average cost grouping cost per student multiplied by
3 the weighting factor for the corresponding grade range pursuant to
4 section 79-1007.01; and (b) for school fiscal year 2008-09 and each
5 school fiscal year thereafter, net option funding shall be the sum
6 of the product of the net number of option students multiplied by
7 the statewide average basic funding per formula student.

8 (3) A district's net option funding shall be zero if
9 the calculation produces a negative result. ~~7~~ except that a local
10 system's net option funding shall not be less than zero. Net number
11 of option students means the number of option students actually
12 enrolled in a grade range in the current data year minus the
13 number of students residing in the district but enrolled in another
14 district in the same grade range in the current data year as
15 option students as defined in section 79-233. A district's net
16 option funding shall be zero if the calculation produces a negative
17 result. ~~(3)~~ The determination of the net number of option students
18 shall be based on ~~(a)~~ the number of option students enrolled in
19 the district or enrolled in another district as of the day of the
20 fall membership count pursuant to section 79-528, for the school
21 fiscal year immediately preceding the school fiscal year in which
22 the aid is to be paid and ~~(b)~~ the number of option students that
23 will be enrolled in the district or enrolled in another district
24 as converted contract option students for the school fiscal year in
25 which the aid is to be paid. Payments made under this section shall
26 be made from the funds to be disbursed under section 79-1005.01 or
27 79-1005.02. ~~(4)~~ Payments made pursuant to this section Such payments

1 shall go directly to the option school district but shall count as
2 a formula resource for the local system.

3 Sec. 32. Section 79-1010, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 79-1010 (1) To encourage consolidation and unification of
6 school districts, incentives shall be paid to reorganized districts
7 and unified systems in certain size ranges for a three-year period
8 to reward the reorganized districts or unified systems for their
9 efforts to increase efficiency in the delivery of educational
10 services. This section shall only apply to consolidations and
11 unifications with an effective date after May 31, 1996, and before
12 August 2, 2001.

13 (2) To qualify for incentive payments under this section,
14 the consolidation or unification must be approved for incentive
15 payments by the State Committee for the Reorganization of School
16 Districts. For consolidations, when reviewing a petition for the
17 boundary change pursuant to section 79-413, the state committee
18 shall issue a preliminary approval or disapproval for incentive
19 payments along with a notice specifying application procedures. For
20 consolidations, affected school districts shall file an application
21 for incentive payments with the state committee within thirty days
22 following the issuance of the boundary change order pursuant to
23 subsection (1) of section 79-479. For unifications, the unified
24 system or participating districts shall file an application for
25 incentive payments with the state committee either following
26 approval of the application for unification or in conjunction
27 with the application for unification. The state committee shall,

1 within thirty days, approve or disapprove incentive payments.
2 For consolidations, if there are no material changes in the
3 reorganization plan between a preliminary approval and application
4 for incentive payments following the boundary change order, the
5 state committee shall approve the incentive payments. If a
6 preliminary disapproval was issued or if there was a material
7 change in the reorganization plan prior to the issuance of the
8 boundary change order, the state committee shall reconsider the
9 approval or disapproval of incentive payments. The state committee
10 shall make the determination regarding whether or not any changes
11 in a reorganization plan are material for the purpose of approving
12 or disapproving incentive payments.

13 (3) For incentive payments to be approved for
14 either consolidations or unifications by the state committee,
15 a reorganization study, including efficiency, demographic,
16 curriculum, facility, financial, and community components, must
17 be completed. If a study containing such elements is completed
18 and the reorganization plan or unification agreement will most
19 likely result in more efficiency in the delivery of educational
20 services or greater educational opportunities, the state committee
21 may approve incentive payments for the affected districts.

22 (4) (a) Incentive payments shall be based on the number
23 of students moving from one size range to a lower cost size range
24 based on the average daily membership in each affected district
25 in the school fiscal year immediately preceding the first school
26 fiscal year the boundary change or unification is in effect and
27 the average daily membership the consolidated district or unified

1 system would have had following the boundary change or unification
2 if it had occurred in the school fiscal year immediately preceding
3 the first school fiscal year the boundary change or unification
4 is in effect. The reorganized school districts or unified systems
5 existing after the qualified boundary change or unification shall
6 receive incentive payments based on the following criteria for each
7 student meeting the criteria:

8 For grades one through six, including full-day
9 kindergarten:

10	Average daily	Average daily	Incentive payment
11	membership range	membership range with	per student who
12	before	boundary change	moves from the
13	consolidation	or unification	average daily
14	or unification		membership range
15			before
16			consolidation
17			or unification
18			to the
19			average daily
20			membership range
21			with boundary
22			change or
23			unification
24	.01 - 101.00	101.01 - 185.00	\$590
25	.01 - 101.00	185.01 - 375.00	890
26	.01 - 101.00	375.01 - 1,000.00	1,190
27	.01 - 101.00	1,000.01 - 1,900.00	1,320

1	101.01 - 185.00	185.01 - 375.00	300
2	101.01 - 185.00	375.01 - 1,000.00	590
3	101.01 - 185.00	1,000.01 - 1,900.00	730
4	185.01 - 375.00	375.01 - 1,000.00	300
5	185.01 - 375.00	1,000.01 - 1,900.00	430
6	375.01 - 1,000.00	1,000.01 - 1,900.00	130

7 For grades seven and eight:

8	Average daily	Average daily	Incentive payment
9	membership range	membership range with	per student who
10	before	boundary change	moves from the
11	consolidation	or unification	average daily
12	or unification		membership range
13			before
14			consolidation
15			or unification
16			to the
17			average daily
18			membership range
19			with boundary
20			change or
21			unification

22	.01 - 31.00	31.01 - 57.00	\$710
23	.01 - 31.00	57.01 - 115.00	1,070
24	.01 - 31.00	115.01 - 308.00	1,430
25	.01 - 31.00	308.01 - 585.00	1,590
26	31.01 - 57.00	57.01 - 115.00	360
27	31.01 - 57.00	115.01 - 308.00	710

1	31.01 - 57.00	308.01 - 585.00	870
2	57.01 - 115.00	115.01 - 308.00	350
3	57.01 - 115.00	308.01 - 585.00	510
4	115.01 - 308.00	308.01 - 585.00	160
5	For grades nine through twelve:		
6	Average daily	Average daily	Incentive payment
7	membership range	membership range with	per student who
8	before consolidation	boundary change	moves from the
9	or unification	or unification	average daily
10			membership range
11			before
12			consolidation
13			or unification
14			to the
15			average daily
16			membership range
17			with boundary
18			change
19			or unification
20	.01 - 50.00	50.01 - 75.00	\$1,640
21	.01 - 50.00	75.01 - 100.00	2,550
22	.01 - 50.00	100.01 - 150.00	2,924
23	.01 - 50.00	150.01 - 250.00	3,180
24	.01 - 50.00	250.01 - 500.00	3,450
25	.01 - 50.00	500.01 - 1,000.00	3,750
26	50.01 - 75.00	75.01 - 100.00	910
27	50.01 - 75.00	100.01 - 150.00	1,280

1	50.01 - 75.00	150.01 - 250.00	1,540
2	50.01 - 75.00	250.01 - 500.00	1,810
3	50.01 - 75.00	500.01 - 1,000.00	2,110
4	75.01 - 100.00	100.01 - 150.00	380
5	75.01 - 100.00	150.01 - 250.00	630
6	75.01 - 100.00	250.01 - 500.00	900
7	75.01 - 100.00	500.01 - 1,000.00	1,200
8	100.01 - 150.00	150.01 - 250.00	260
9	100.01 - 150.00	250.01 - 500.00	530
10	100.01 - 150.00	500.01 - 1,000.00	830
11	150.01 - 250.00	250.01 - 500.00	270
12	150.01 - 250.00	500.01 - 1,000.00	570
13	250.01 - 500.00	500.01 - 1,000.00	300

14 (b) For local systems that will receive base fiscal
15 year incentive payments for school fiscal year 2001-02 for a
16 consolidation that includes two districts which entered into
17 an agreement under the Interlocal Cooperation Act in which
18 one district did not offer instruction in either grades seven
19 through twelve or nine through twelve and contracted with the
20 other district for the education of seventh through twelfth grade
21 students or ninth through twelfth grade students for the school
22 year prior to the consolidation, those seventh through twelfth
23 grade students or ninth through twelfth grade students who were
24 being educated outside their resident district pursuant to the
25 agreement by a school that is in the local system receiving the
26 incentives shall be included in the average daily membership of the
27 resident district before consolidation for purposes of calculating

1 incentive payments under this section.

2 (5) Except as otherwise provided in subsection (6) of
3 this section, two million dollars shall be set aside for school
4 fiscal years 1999-00 and 2000-01 and one million six hundred
5 sixteen thousand three hundred fifty-four dollars shall be set
6 aside for school fiscal year 2001-02 for base fiscal year incentive
7 payments pursuant to subsection (6) of this section. All other
8 payments pursuant to this section shall be paid directly to the
9 consolidated district or unified system from the Tax Equity and
10 Educational Opportunities Fund.

11 (6) Base fiscal year incentive payments shall be
12 calculated as of August 2 immediately preceding the base fiscal
13 year and shall be paid directly to the consolidated district or
14 unified system from the amount set aside for such school fiscal
15 year from the Tax Equity and Educational Opportunities Fund
16 pursuant to subsection (5) of this section. The payments shall
17 be made in ten as nearly as possible equal payments on the last
18 business day of each month, beginning in September and ending the
19 following June, for the base fiscal year. If the total amount of
20 base fiscal year incentive payments for that school fiscal year
21 exceeds the amount set aside for such school fiscal year, the base
22 fiscal year incentive payments shall be reduced proportionately
23 so that the total amount of base fiscal year incentive payments
24 equals the amount set aside for such school fiscal year pursuant
25 to subsection (5) of this section. The base fiscal year incentive
26 payments shall not be included in local system formula resources as
27 calculated under section 79-1018.01. No base fiscal year incentive

1 payments shall be made pursuant to this subsection after July 1,
2 2002.

3 (7)(a) For consolidations, one hundred percent of the
4 amount calculated pursuant to subsection (4) of this section shall
5 be included in the distribution of state aid for each of the
6 first three consecutive school fiscal years beginning with the base
7 fiscal year or two consecutive school fiscal years following the
8 base fiscal year if payments were made in the base fiscal year
9 pursuant to subsection (6) of this section. For unifications, one
10 hundred percent of the amount calculated pursuant to subsection
11 (4) of this section shall be included in the distribution of
12 state aid for the first school fiscal year beginning with the base
13 fiscal year, seventy-five percent for the second school fiscal year
14 beginning with the base fiscal year, and fifty percent for the
15 third school fiscal year beginning with the base fiscal year. If
16 a unified system consolidates and the boundary change takes effect
17 before August 2, 2001, the consolidated district will be eligible
18 to receive seventy-five percent of the amount originally calculated
19 pursuant to subsection (4) of this section in the base fiscal
20 year. If a consolidated district is still receiving incentive
21 payments for a unification in the base fiscal year, the payments
22 for the remainder of the first three years will be at one hundred
23 percent of the amount calculated pursuant to subsection (4) of
24 this section and in the fourth year, the district will receive
25 the difference between the incentive payments received and three
26 hundred percent of the amount calculated pursuant to subsection (4)
27 of this section. If before August 2, 2001, additional districts

1 are added to the unified system or are added in a consolidation,
2 the additional incentives shall be calculated by the department and
3 added to the incentive payments.

4 (b) For local systems that received base fiscal year
5 incentive payments prior to school fiscal year 2001-02 for a
6 consolidation that included two districts which entered into an
7 agreement under the Interlocal Cooperation Act in which one
8 district did not offer instruction for either grades seven
9 through twelve or nine through twelve and contracted with the
10 other district for the education of seventh through twelfth grade
11 students or ninth through twelfth grade students for the school
12 year prior to the consolidation, a calculation shall be made
13 for additional incentives. The additional incentives shall be
14 calculated pursuant to subsection (4) of this section, except that
15 the average daily membership before consolidation shall equal the
16 seventh through twelfth grade students or ninth through twelfth
17 grade students who were being educated outside their resident
18 district pursuant to the agreement by a school that is in the local
19 system receiving the incentives. The June 30, 2001, and June 30,
20 2002, state aid payments for such local system shall include an
21 amount equal to the additional incentives calculated pursuant to
22 this subsection. An amount equal to the additional incentives shall
23 also be included in the reorganization incentives for state aid to
24 be paid in the 2002-03 school fiscal year, subject to any reduction
25 that may be required pursuant to subsection (9) of this section.

26 (8) If, prior to the beginning of the eighth school
27 year of operating as a unified system, the unified system (a)

1 discontinues its status as a unified system and (b) does not
2 consolidate, the districts in the unified system shall pay back
3 the incentives. The total incentives paid to the unified system
4 shall be divided between the districts based on the adjusted
5 assessed valuation of each district in the year prior to the
6 discontinuation of the unified system, and each district's share
7 shall be paid back through reductions in state aid in equal amounts
8 for five years unless a lesser number of years is agreed to by the
9 school district and the department. If a district withdraws from a
10 unified system prior to the beginning of the eighth school year of
11 participating in the unified system, the district shall pay back
12 the incentives attributable to the district's participation in the
13 unified system through reductions in state aid in equal amounts
14 for five years unless a lesser number of years is agreed to by
15 the school district and the department. The total incentives paid
16 shall include interest calculated from the date of payment until
17 the estimated repayment at the rate specified in section 45-104.02
18 as of the expiration of the agreement or the effective date of
19 withdrawal. If the state aid is less than the repayment amount
20 in any school fiscal year, the remaining repayment will reduce
21 state aid in future school fiscal years. In entering into any
22 agreement with a school district for the repayment of incentives,
23 the department shall take into consideration the ability of the
24 school district to repay the incentives in the fewest number of
25 years and meet the educational needs of the students that are
26 enrolled in the school district while repaying the incentives.

27 (9) If the total amount of incentive payments to

1 school districts for a school year exceeds one percent of the
2 appropriation to the Tax Equity and Educational Opportunities Fund
3 minus two million dollars, the incentive payments shall be reduced
4 proportionately so that the total amount of incentive payments to
5 school districts equals one percent of the appropriation to the
6 Tax Equity and Educational Opportunities Fund minus two million
7 dollars. The payments shall not be included in local system formula
8 resources as calculated under section 79-1018.01. No incentive
9 payments shall be made pursuant to this section after July 1, 2004.

10 Sec. 33. Section 79-1013, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1013 (1) On or before ~~November 1~~ October 10 of each
13 year, each school district designating a maximum poverty allowance
14 greater than zero dollars shall submit a poverty plan for the next
15 school fiscal year to the department and to the learning community
16 coordinating council of any learning community of which the school
17 district is a member. On or before the immediately following
18 December 1, (a) the department shall approve or disapprove such
19 plan for school districts that are not members of a learning
20 community based on the inclusion of the elements required pursuant
21 to this section. ~~On or before the immediately following December~~
22 ~~1,~~ and (b) the learning community coordinating council and, as
23 to the applicable portions thereof, each achievement subcouncil,
24 shall approve or disapprove such plan for school districts that
25 are members of such learning community based on the inclusion of
26 such elements. On or before the immediately following December 5,
27 each learning community coordinating council shall certify to the

1 department the approval or disapproval of the poverty plan for each
2 member school district.

3 (2) In order to be approved pursuant to this section,
4 a poverty plan shall include an explanation of how the school
5 district will address the following issues for such school fiscal
6 year:

7 (a) Attendance, including absence followup and
8 transportation for students qualifying for free or reduced-price
9 lunches who reside more than ~~one-half~~ one mile from the attendance
10 center;

11 (b) Student mobility, including transportation to allow a
12 student to continue attendance at the same school if the student
13 moves to another attendance area within the same school district or
14 within the same learning community;

15 (c) Parental involvement at the school-building level
16 with a focus on the involvement of parents in poverty and from
17 other diverse backgrounds;

18 (d) Parental involvement at the school-district level
19 with a focus on the involvement of parents in poverty and from
20 other diverse backgrounds;

21 (e) Class size reduction or maintenance of small class
22 sizes ~~for students who qualify for free or reduced-price lunches;~~
23 in elementary grades;

24 (f) Scheduled teaching time on a weekly basis that will
25 be free from interruptions;

26 (g) Access to early childhood education programs for
27 children in poverty;

- 1 (h) Student access to social workers;
- 2 (i) Access to summer school, extended-school-day
- 3 programs, or extended-school-year programs;
- 4 (j) Mentoring for new and newly reassigned teachers;
- 5 (k) Professional development for teachers and
- 6 administrators, focused on addressing the educational needs
- 7 of students in poverty and students from other diverse backgrounds;
- 8 (l) Coordination with elementary learning centers if the
- 9 school district is a member of a learning community; and
- 10 (m) An evaluation to determine the effectiveness of the
- 11 elements of the poverty plan.

12 (3) The state board shall establish a procedure for
13 appeal of decisions of the department and of learning community
14 coordinating councils to the state board for a final determination.

15 Sec. 34. Section 79-1014, Revised Statutes Supplement,
16 2007, is amended to read:

17 79-1014 (1) On or before ~~November 1~~ October 10 of each
18 year, each school district designating a maximum limited English
19 proficiency allowance greater than zero dollars shall submit a
20 limited English proficiency plan for the next school fiscal year to
21 the department and to the learning community coordinating council
22 of any learning community of which the school district is a
23 member. On or before the immediately following December 1, (a)
24 the department shall approve or disapprove such plans for school
25 districts that are not members of a learning community, based on
26 the inclusion of the elements required pursuant to this section.
27 ~~On or before the immediately following December 1, and (b) the~~

1 learning community coordinating council, and, as to the applicable
2 portions thereof, each achievement subcouncil, shall approve or
3 disapprove such plan for school districts that are members of
4 such learning community, based on the inclusion of such elements.
5 On or before the immediately following December 5, each learning
6 community coordinating council shall certify to the department the
7 approval or disapproval of the limited English proficiency plan for
8 each member school district.

9 (2) In order to be approved pursuant to this section,
10 a limited English proficiency plan must include an explanation of
11 how the school district will address the following issues for such
12 school fiscal year:

13 (a) Identification of students with limited English
14 proficiency;

15 (b) Instructional approaches;

16 (c) Assessment of such students' progress toward
17 mastering the English language; and

18 (d) An evaluation to determine the effectiveness of the
19 elements of the limited English proficiency plan.

20 (3) The state board shall establish a procedure for
21 appeal of decisions of the department to the state board for a
22 final determination.

23 Sec. 35. Section 79-1015.01, Revised Statutes Supplement,
24 2007, is amended to read:

25 79-1015.01 (1) Local system formula resources shall
26 include local effort rate yield which shall be computed as
27 prescribed in this section.

1 (2) For school fiscal years prior to school fiscal year
2 2008-09: (a) For state aid certified pursuant to section 79-1022,
3 the local effort rate shall be the maximum levy, for the school
4 fiscal year for which aid is being certified, authorized pursuant
5 to subdivision (2)(a) ~~or (e)~~ of section 77-3442 less ten cents;
6 (b) for ~~the~~ the final calculation of state aid pursuant to
7 section 79-1065, the local effort rate shall be the rate which,
8 when multiplied by the total adjusted valuation of all taxable
9 property in local systems receiving equalization aid pursuant to
10 the Tax Equity and Educational Opportunities Support Act, will
11 produce the amount needed to support the total formula need of
12 such local systems when added to state aid appropriated by the
13 Legislature and other actual receipts of local systems described in
14 section 79-1018.01; and (c) the ~~the~~ local effort rate yield shall
15 be determined by multiplying each local system's total adjusted
16 valuation by the local effort rate.

17 (3) For school fiscal year 2008-09 and each school fiscal
18 year thereafter: (a) For state aid certified pursuant to section
19 79-1022, the local effort rate shall be the maximum levy, for the
20 school fiscal year for which aid is being certified, authorized
21 pursuant to subdivision (2)(a) of section 77-3442 less five cents;
22 (b) for the final calculation of state aid pursuant to section
23 79-1065, the local effort rate shall be the rate which, when
24 multiplied by the total assessed valuation of all taxable property
25 in local systems receiving equalization aid pursuant to the Tax
26 Equity and Educational Opportunities Support Act, will produce the
27 amount needed to support the total formula need of such local

1 systems when added to state aid appropriated by the Legislature
2 and other actual receipts of local systems described in section
3 79-1018.01; and (c) the local effort rate yield for such school
4 fiscal years shall be determined by multiplying each local system's
5 total assessed valuation by the local effort rate.

6 Sec. 36. Section 79-1016, Revised Statutes Supplement,
7 2007, is amended to read:

8 79-1016 (1) On or before August 25, the county assessor
9 shall certify to the Property Tax Administrator the total taxable
10 value by school district in the county for the current assessment
11 year on forms prescribed by the Tax Commissioner. The county
12 assessor may amend the filing for changes made to the taxable
13 valuation of the school district in the county if corrections or
14 errors on the original certification are discovered. Amendments
15 shall be certified to the Property Tax Administrator on or before
16 September 30.

17 (2) On or before October 10, the Property Tax
18 Administrator shall compute and certify to the State Department
19 of Education the adjusted assessed valuation for the current
20 assessment year for each class of property in each school district
21 and each local system. ~~The adjusted valuation of property for each~~
22 ~~school district and each local system, for purposes of determining~~
23 ~~state aid pursuant to the Tax Equity and Educational Opportunities~~
24 ~~Support Act, shall reflect as nearly as possible state aid value~~
25 ~~as defined in subsection (3) of this section.~~ The Property Tax
26 Administrator shall notify each school district and each local
27 system of its adjusted assessed valuation for state aid purposes

1 for the current assessment year by class of property on or before
2 October 10. ~~Establishment of the adjusted valuation shall be based~~
3 ~~on the taxable value certified by the county assessor for each~~
4 ~~school district in the county adjusted by the determination of~~
5 ~~the level of value for each school district from an analysis~~
6 ~~of the comprehensive assessment ratio study or other studies~~
7 ~~developed by the Property Tax Administrator,~~ in compliance with
8 ~~professionally accepted mass appraisal techniques,~~ as required by
9 ~~section 77-1327.~~ The Tax Commissioner shall adopt and promulgate
10 rules and regulations setting forth standards for the determination
11 of level of assessed value for school state aid purposes.

12 ~~(3) For purposes of this section, state aid value means:~~

13 ~~(a) For real property other than agricultural and~~
14 ~~horticultural land, one hundred percent of actual value;~~

15 ~~(b) For agricultural and horticultural land, seventy-five~~
16 ~~percent of actual value as provided in sections 77-1359 to 77-1363.~~
17 ~~For agricultural and horticultural land that receives special~~
18 ~~valuation pursuant to section 77-1344, seventy-five percent of~~
19 ~~special valuation as defined in section 77-1343; and~~

20 ~~(c) For personal property, the net book value as defined~~
21 ~~in section 77-120.~~

22 ~~(4) (3)~~ On or before November 10, any local system may
23 file with the Tax Commissioner written objections to the adjusted
24 assessed valuations prepared by the Property Tax Administrator,
25 stating the reasons why such adjusted assessed valuations are not
26 the valuations required by ~~subsection (3)~~ of this section. The Tax
27 Commissioner shall fix a time for a hearing. Either party shall

1 be permitted to introduce any evidence in reference thereto. On or
2 before January 1, the Tax Commissioner shall enter a written order
3 modifying or declining to modify, in whole or in part, the ~~adjusted~~
4 assessed valuations and shall certify the order to the State
5 Department of Education. Modification by the Tax Commissioner shall
6 be based upon the evidence introduced at hearing and shall not be
7 limited to the modification requested in the written objections or
8 at hearing. A copy of the written order shall be mailed to the
9 local system within seven days after the date of the order. The
10 written order of the Tax Commissioner may be appealed within thirty
11 days after the date of the order to the Tax Equalization and Review
12 Commission in accordance with section 77-5013.

13 ~~(5)~~ (4) On or before November 10, any local system
14 or county official may file with the Tax Commissioner a written
15 request for a nonappealable correction of the ~~adjusted~~ assessed
16 valuation due to clerical error as defined in section 77-128 or,
17 for agricultural and horticultural land, assessed value changes
18 by reason of land qualified or disqualified for special use
19 valuation pursuant to sections 77-1343 to 77-1348. On or before the
20 following January 1, the Tax Commissioner shall approve or deny the
21 request and, if approved, certify the corrected ~~adjusted~~ assessed
22 valuations resulting from such action to the State Department of
23 Education.

24 ~~(6)~~ (5) On or before May 31 of the year following the
25 certification of ~~adjusted~~ assessed valuation pursuant to subsection
26 (2) of this section, any local system or county official may file
27 with the Tax Commissioner a written request for a nonappealable

1 correction of the ~~adjusted~~ assessed valuation due to changes to
2 the tax list that change the assessed value of taxable property.
3 Upon the filing of the written request, the Tax Commissioner shall
4 require the county assessor to recertify the taxable valuation
5 by school district in the county on forms prescribed by the Tax
6 Commissioner. The recertified valuation shall be the valuation
7 that was certified on the tax list, pursuant to section 77-1613,
8 increased or decreased by changes to the tax list that change
9 the assessed value of taxable property in the school district
10 in the county in the prior assessment year. On or before the
11 following July 31, the Tax Commissioner shall approve or deny the
12 request and, if approved, certify the corrected ~~adjusted~~ assessed
13 valuations resulting from such action to the State Department of
14 Education.

15 ~~(7)~~ (6) No injunction shall be granted restraining
16 the distribution of state aid based upon the ~~adjusted~~ assessed
17 valuations pursuant to this section.

18 ~~(8)~~ (7) A school district whose state aid is to be
19 calculated pursuant to subsection ~~(5)~~ (4) of this section and whose
20 state aid payment is postponed as a result of failure to calculate
21 state aid pursuant to such subsection may apply to the state board
22 for lump-sum payment of such postponed state aid. Such application
23 may be for any amount up to one hundred percent of the postponed
24 state aid. The state board may grant the entire amount applied for
25 or any portion of such amount. The state board shall notify the
26 Director of Administrative Services of the amount of funds to be
27 paid in a lump sum and the reduced amount of the monthly payments.

1 The Director of Administrative Services shall, at the time of the
2 next state aid payment made pursuant to section 79-1022, draw a
3 warrant for the lump-sum amount from appropriated funds and forward
4 such warrant to the district.

5 Sec. 37. Section 79-1018.01, Revised Statutes Supplement,
6 2007, is amended to read:

7 79-1018.01 ~~Local~~ Except as otherwise provided in this
8 section, local system formula resources include other actual
9 receipts available for the funding of general fund operating
10 expenditures as determined by the department for the second school
11 fiscal year immediately preceding the school fiscal year in which
12 aid is to be paid. Receipts ~~except that receipts~~ from the
13 Community Improvements Cash Fund, and receipts acquired pursuant to
14 the Low-Level Radioactive Waste Disposal Act, ~~and~~ beginning with
15 the calculation of state aid to be distributed in school fiscal
16 year 2004-05, ~~tuition receipts from converted contracts~~ shall not
17 be included. Other actual receipts include:

- 18 (1) Public power district sales tax revenue;
- 19 (2) Fines and license fees;
- 20 (3) Tuition receipts from individuals, other districts,
21 or any other source except receipts derived from adult education,
22 receipts derived from summer school tuition, receipts derived
23 from early childhood education tuition, ~~tuition receipts from~~
24 ~~converted contracts~~, and receipts from educational entities as
25 defined in section 79-1201.01 for providing distance education
26 courses through the Distance Education Council until July 1, 2008,
27 and the Educational Service Unit Coordinating Council on and after

1 July 1, 2008, to such educational entities;

2 (4) Transportation receipts;

3 (5) Interest on investments;

4 (6) Other miscellaneous noncategorical local receipts,
5 not including receipts from private foundations, individuals,
6 associations, or charitable organizations;

7 (7) Special education receipts; ~~IT excluding grant funds~~
8 ~~received pursuant to section 9-812;~~

9 (8) Special education receipts and non-special education
10 receipts from the state for wards of the court and wards of the
11 state;

12 (9) All receipts from the temporary school fund.
13 Beginning with the calculation of aid for school fiscal year
14 2002-03 and each school fiscal year thereafter, receipts from
15 the temporary school fund shall only include receipts pursuant
16 to section 79-1035 and the receipt of funds pursuant to section
17 79-1036 for property leased for a public purpose as set forth in
18 subdivision (1)(a) of section 77-202;

19 (10) Motor vehicle tax receipts received on or after
20 January 1, 1998;

21 (11) Pro rata motor vehicle license fee receipts;

22 (12) Other miscellaneous state receipts excluding revenue
23 from the textbook loan program authorized by section 79-734;

24 (13) Impact aid entitlements for the school fiscal year
25 which have actually been received by the district to the extent
26 allowed by federal law;

27 (14) All other noncategorical federal receipts;

1 (15) All receipts pursuant to the enrollment option
2 program under sections 79-232 to 79-246;

3 (16) Receipts under the federal Medicare Catastrophic
4 Coverage Act of 1988, as such act existed on May 8, 2001, as
5 authorized pursuant to sections 43-2510 and 43-2511 but only to the
6 extent of the amount the local system would have otherwise received
7 pursuant to the Special Education Act; and

8 (17) Receipts for accelerated or differentiated
9 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

10 Sec. 38. Section 79-1022, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1022 (1) On or before February 1 of each year, the
13 department shall determine the amounts to be distributed to each
14 local system and each district pursuant to the Tax Equity and
15 Educational Opportunities Support Act and shall certify the amounts
16 to the Director of Administrative Services, the Auditor of Public
17 Accounts, each learning community, and each district. The amount to
18 be distributed to each district that is not a member of a learning
19 community from the amount certified for a local system shall be
20 proportional based on: (a) For school fiscal years prior to school
21 fiscal year 2008-09, the weighted formula students attributed to
22 each district in the local system; and (b) for school fiscal
23 year 2008-09 and each school fiscal year thereafter, the formula
24 students attributed to each district in the local system. For the
25 first five complete school fiscal years for a learning community,
26 the amount to be distributed to each district that is a member
27 of such learning community shall be determined pursuant to section

1 79-1015. For each school fiscal year thereafter, the amount to
2 be distributed to each district that is a member of a learning
3 community from the amount certified for the local system shall
4 be proportional based on the formula needs calculated for each
5 district in the local system. On or before February 1 of each
6 year, the department shall report the necessary funding level to
7 the Governor, the Appropriations Committee of the Legislature,
8 and the Education Committee of the Legislature. Certified state
9 aid amounts, including adjustments pursuant to section 79-1065.02,
10 shall be shown as budgeted non-property-tax receipts and deducted
11 prior to calculating the property tax request in the district's
12 general fund budget statement as provided to the Auditor of Public
13 Accounts pursuant to section 79-1024.

14 (2) Except as provided in subsection ~~(8)~~ (7) of section
15 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified
16 pursuant to subsection (1) of this section shall be distributed in
17 ten as nearly as possible equal payments on the last business day
18 of each month beginning in September of each ensuing school fiscal
19 year and ending in June of the following year, except that when a
20 school district is to receive a monthly payment of less than one
21 thousand dollars, such payment shall be one lump-sum payment on
22 the last business day of December during the ensuing school fiscal
23 year.

24 Sec. 39. Section 79-1022.02, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 79-1022.02 Notwithstanding any other provision of law,
27 the certification of state aid pursuant to section 79-1022 to

1 be paid to school districts during school year ~~2003-04~~, 2008-09,
2 the certification of applicable allowable growth rates pursuant to
3 section 79-1026 for school fiscal year ~~2003-04~~, 2008-09, and the
4 certifications of Class I school district allowable general fund
5 budgets of expenditures pursuant to section 79-1083.03 for school
6 fiscal year ~~2003-04~~ 2008-09 are null and void. State aid to be paid
7 during such school year and the certifications pursuant to ~~section~~
8 sections 79-1022 and 79-1026 shall be recertified on or before ~~June~~
9 ~~15~~, ~~2003~~, April 30, 2008, using data sources as they existed on
10 February 1, ~~2003~~, 2008.

11 Sec. 40. Section 79-1023, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 79-1023 ~~Ne~~ (1) On or before April 30, 2008, and on or
14 before February 1 of each year thereafter, the department shall
15 determine and certify to each school district the maximum general
16 fund budget of expenditures minus the special education budget of
17 expenditures for the immediately following school fiscal year.

18 (2) For school fiscal years prior to 2008-09, no Class
19 II, III, IV, V, or VI district shall increase its general fund
20 budget of expenditures more than the local system's applicable
21 allowable growth rate.

22 (3) For school fiscal year 2008-09 and each school fiscal
23 year thereafter, except as provided in section 42 of this act, no
24 school district shall have a general fund budget of expenditures
25 minus special grant funds and the special education budget of
26 expenditures more than the greater of (a) the product of the
27 difference of the general fund budget of expenditures minus special

1 grant funds and the special education budget of expenditures for
2 the immediately preceding school fiscal year multiplied by the sum
3 of one plus the local system's applicable allowable growth rate
4 or (b) the difference of one hundred twenty percent of formula
5 need for such school fiscal year minus the product of the sum
6 of one plus the basic allowable growth rate for such school year
7 multiplied by the special education budget of expenditures as filed
8 on school district budget statement on or before September 20 for
9 the immediately preceding school fiscal year.

10 Sec. 41. Section 79-1028, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1028 For school fiscal years prior to school fiscal
13 year 2008-09:

14 (1) A Class II, III, IV, V, or VI school district may
15 exceed its applicable allowable growth rate for (a) expenditures
16 in support of a service which is the subject of an agreement or
17 a modification of an existing agreement whether operated by one
18 of the parties to the agreement or an independent joint entity
19 or joint public agency, (b) expenditures to pay for repairs to
20 infrastructure damaged by a natural disaster which is declared a
21 disaster emergency pursuant to the Emergency Management Act, (c)
22 expenditures to pay for judgments, except judgments or orders from
23 the Commission of Industrial Relations, obtained against a school
24 district which require or obligate a school district to pay such
25 judgment, to the extent such judgment is not paid by liability
26 insurance coverage of a school district, (d) expenditures to pay
27 for sums agreed to be paid by a school district to certificated

1 employees in exchange for a voluntary termination of employment,
2 or (e) expenditures to pay for lease-purchase contracts approved
3 on or after July 1, 1997, and before July 1, 1998, to the extent
4 the lease payments were not budgeted expenditures for fiscal year
5 1997-98;i-

6 (2) A Class II, III, IV, V, or VI district may exceed
7 its applicable allowable growth rate by a specific dollar amount
8 if the district projects an increase in formula students in the
9 district over the current school year greater than twenty-five
10 students or greater than those listed in the schedule provided in
11 this ~~subsection~~, subdivision, whichever is less. Districts shall
12 project increases in formula students on forms prescribed by the
13 department. The department shall approve, deny, or modify the
14 projected increases.

15	Average daily	Projected increase
16	membership of	of formula students
17	district	by percentage
18	0 - 50	10
19	50.01 - 250	5
20	250.01 - 1,000	3
21	1,000.01 and over	1

22 The department shall compute the district's estimated
23 allowable budget per pupil using the budgeted general fund
24 expenditures found on the budget statement for the current
25 school year divided by the number of formula students in the
26 current school year and multiplied by the district's applicable
27 allowable growth rate. The resulting allowable budget per pupil

1 shall be multiplied by the projected formula students to arrive at
2 the estimated budget needs for the ensuing year. The department
3 shall allow the district to increase its general fund budget of
4 expenditures for the ensuing school year by the amount necessary
5 to fund the estimated budget needs of the district as computed
6 pursuant to this ~~subsection~~ subdivision. On or before July 1,
7 the department shall make available to districts which have been
8 allowed additional growth pursuant to this ~~subsection~~ subdivision
9 the necessary document to recalculate the actual formula students
10 of such district. Such document shall be filed with the department
11 under subsection (1) of section 79-1024~~;~~

12 (3) A Class II, III, IV, V, or VI district may exceed
13 its applicable allowable growth rate by a specific dollar amount
14 if construction, expansion, or alteration of district buildings
15 will cause an increase in building operation and maintenance
16 costs of at least five percent. The department shall document
17 the projected increase in building operation and maintenance costs
18 and may allow a Class II, III, IV, V, or VI district to exceed
19 its applicable allowable growth rate by the amount necessary to
20 fund such increased costs. The department shall compute the actual
21 increased costs for the school year and shall notify the district
22 on or before July 1 of the recovery of the additional growth
23 pursuant to this ~~subsection~~ subdivision;

24 (4) A Class II, III, IV, V, or VI district may exceed its
25 applicable allowable growth rate by a specific dollar amount if the
26 district demonstrates to the satisfaction of the department that
27 it will exceed its applicable allowable growth rate as a result

1 of costs pursuant to the Retirement Incentive Plan authorized
2 in section 79-855 or the Staff Development Assistance authorized
3 in section 79-856. The department shall compute the amount by
4 which the increased cost of such program or programs exceeds the
5 district's applicable allowable growth rate and shall allow the
6 district to increase its general fund expenditures by such amount
7 for that fiscal year;~~;~~

8 (5) A Class II, III, IV, or V district may exceed its
9 applicable allowable growth rate by the specific dollar amount of
10 incentive payments or base fiscal year incentive payments to be
11 received in such school fiscal year pursuant to section 79-1011;~~;~~

12 (6) A Class II, III, IV, V, or VI district may exceed
13 its applicable allowable growth rate by a specific dollar amount
14 in any year for which the state aid calculation for the local
15 system includes students in the qualified early childhood education
16 fall membership of the district for the first time or for a year
17 in which an early childhood education program of the district is
18 receiving an expansion grant. The department shall compute the
19 amount by which the district may exceed the district's applicable
20 allowable growth rate by multiplying the cost grouping cost
21 per student for the applicable cost grouping by the district's
22 adjusted formula students attributed to early childhood education
23 programs if students are included in the district's qualified
24 early childhood education fall membership for the first time or by
25 the district's adjusted formula students attributed to such early
26 childhood education programs minus the district's adjusted formula
27 students attributed to such early childhood education programs for

1 the prior school fiscal year if a program is receiving an expansion
2 grant in the school fiscal year for which the fall membership is
3 measured. The department shall allow the district to increase its
4 general fund expenditures by such amount for such school fiscal
5 year;--

6 ~~(7) For school fiscal year 2005-06, a Class II, III, IV,~~
7 ~~V, or VI district may exceed its applicable allowable growth rate~~
8 ~~by a specific dollar amount not to exceed seventy-four hundredths~~
9 ~~percent of the amount budgeted for employee salaries for such~~
10 ~~school fiscal year. For school fiscal year 2006-07, a Class II,~~
11 ~~III, IV, V, or VI district may exceed its applicable allowable~~
12 ~~growth rate by a specific dollar amount not to exceed fifty-nine~~
13 ~~hundredths percent of the amount budgeted for employee salaries for~~
14 ~~such school fiscal year.~~

15 ~~(8) A Class II, III, IV, or V district that is a~~
16 ~~member of a learning community may exceed its applicable allowable~~
17 ~~growth rate for the first school fiscal year in which the school~~
18 ~~district will be a member of a learning community for the full~~
19 ~~school fiscal year by an amount equal to anticipated increases in~~
20 ~~transportation expenditures necessary to meet the requirements of~~
21 ~~subsection (2) of section 79-611 as approved by the department. The~~
22 ~~department shall approve, deny, or modify the amount allowed~~
23 ~~for anticipated increases in transportation expenditures. The~~
24 ~~department shall compute the actual increase in transportation~~
25 ~~expenditures necessary to meet the requirements of subsection (2)~~
26 ~~of section 79-611 for such school fiscal year and shall, if needed,~~
27 ~~modify the district's applicable allowable growth rate for the~~

1 ensuing school fiscal year.

2 (9) For school fiscal year 2008-09, a Class II, III,
3 IV, or V district may exceed its applicable allowable growth
4 rate by a specific dollar amount if the sum of the poverty
5 allowance, elementary class size allowance, focus school and
6 program allowance, and limited English proficiency allowance for
7 the school district for school fiscal year 2008-09 exceeds the
8 poverty weightings plus limited English proficiency weightings
9 multiplied by the cost grouping cost per student for the school
10 district for school fiscal year 2007-08. The department shall
11 compute the amount by which the district may exceed the applicable
12 allowable growth rate by subtracting the product of the sum of
13 the poverty weightings and limited English proficiency weightings
14 for school fiscal year 2007-08 multiplied by the average formula
15 cost per student in the school district's cost grouping for school
16 fiscal year 2007-08 from the sum of the school fiscal year 2008-09
17 poverty allowance, elementary class size allowance, focus school
18 and program allowance, and limited English proficiency allowance
19 for the school district. The department shall allow the district to
20 increase its general fund expenditures by such amount for school
21 fiscal year 2008-09.

22 (10) For school fiscal year 2009-10 and each school
23 fiscal year thereafter, a Class II, III, IV, or V district may
24 exceed its applicable allowable growth rate by a specific dollar
25 amount if the sum of the poverty allowance, elementary class size
26 allowance, focus school and program allowance, and limited English
27 proficiency allowance for the school district has grown at a rate

1 higher than the applicable allowable growth rate of the district.
2 The department shall compute the amount by which the district
3 may exceed the applicable allowable growth rate by subtracting
4 the product of the sum of the poverty allowance, elementary class
5 size allowance, focus school and program allowance, and limited
6 English proficiency allowance for the immediately preceding school
7 fiscal year multiplied by the sum of one plus the applicable
8 allowable growth rate to be exceeded from the sum of the poverty
9 allowance, elementary class size allowance, focus school and
10 program allowance, and limited English proficiency allowance for
11 the district for the school fiscal year for which the applicable
12 allowable growth rate would be exceeded. The department shall allow
13 the district to increase its general fund expenditures by such
14 amount for the applicable school fiscal year.

15 ~~(11)~~ (7) A Class II, III, IV, or V school district may
16 exceed its applicable allowable growth rate by a specific dollar
17 amount not to exceed the amount received during such school fiscal
18 year from educational entities as defined in section 79-1201.01 for
19 providing distance education courses through the Distance Education
20 Council; and until July 1, 2008, and the Educational Service Unit
21 Coordinating Council on and after July 1, 2008, to such educational
22 entities.

23 ~~(12)~~ (8) A Class II, III, IV, or V school district may
24 exceed its applicable allowable growth rate for school fiscal year
25 2007-08 by a specific dollar amount equal to the amount paid in
26 school fiscal year 2006-07 to any distance education consortium
27 in which the school district was participating pursuant to an

1 interlocal agreement.

2 Sec. 42. For school fiscal year 2008-09 and each school
3 fiscal year thereafter, a Class II, III, IV, V, or VI school
4 district may exceed its maximum general fund budget of expenditures
5 minus the special education budget of expenditures by a specific
6 dollar amount for:

7 (1) Expenditures for repairs to infrastructure damaged by
8 a natural disaster which is declared a disaster emergency pursuant
9 to the Emergency Management Act;

10 (2) Expenditures for judgments, except judgments or
11 orders from the Commission of Industrial Relations, obtained
12 against a school district which require or obligate a school
13 district to pay such judgment, to the extent such judgment is not
14 paid by liability insurance coverage of a school district;

15 (3) Expenditures pursuant to the Retirement Incentive
16 Plan authorized in section 79-855 or the Staff Development
17 Assistance authorized in section 79-856;

18 (4) Expenditures of incentive payments or base fiscal
19 year incentive payments to be received in such school fiscal year
20 pursuant to section 79-1011; and

21 (5) Expenditures of amounts received from educational
22 entities as defined in section 79-1201.01 for providing distance
23 education courses through the Educational Service Unit Coordinating
24 Council to such educational entities.

25 The state board shall approve, deny, or modify the amount
26 allowed for any exception to the maximum general fund budget of
27 expenditures minus the special education budget of expenditures

1 pursuant to this section.

2 Sec. 43. Section 79-1029, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 79-1029 (1) A For school fiscal years prior to school
5 fiscal year 2008-09, a Class II, III, IV, V, or VI district
6 may exceed the basic allowable growth rate prescribed in section
7 79-1025 upon an affirmative vote of at least seventy-five percent
8 of the board. The total growth shall not exceed the applicable
9 allowable growth rate certified for the local system under section
10 79-1026 plus one percent. The vote shall be taken at a public
11 meeting of the board following a special public hearing called for
12 the purpose of receiving testimony on such proposed increase. The
13 board shall give at least five calendar days' notice of such public
14 hearing and shall publish such notice at least once in a newspaper
15 of general circulation in the local system.

16 (2) A For school fiscal years prior to school fiscal year
17 2008-09, a Class II, III, IV, V, or VI district may exceed the
18 applicable allowable growth rate prescribed in section 79-1026 by
19 an amount approved by a majority of legal voters voting on the
20 issue at a primary, general, or special election called for such
21 purpose upon the recommendation of the board or upon the receipt by
22 the county clerk or election commissioner of a petition requesting
23 an election signed by at least five percent of the legal voters of
24 the district. The recommendation of the board or the petition of
25 the legal voters shall include the amount and percentage by which
26 the board would increase its general fund budget of expenditures
27 for the ensuing school year over and above the current year's

1 general fund budget of expenditures. The county clerk or election
2 commissioner shall place the question on the primary or general
3 election ballot or call for a special election on the issue after
4 the receipt of such board recommendation or legal voter petition.
5 The election shall be held pursuant to the Election Act or section
6 77-3444, and all costs for a special election shall be paid by the
7 district. A vote to exceed the applicable allowable growth rate
8 may be approved on the same question as a vote to exceed the levy
9 limits provided in section 77-3444.

10 (3) For school fiscal year 2008-09 and each school fiscal
11 year thereafter, a Class II, III, IV, V, or VI district may exceed
12 the maximum general fund budget of expenditures minus the special
13 education budget of expenditures prescribed in section 79-1023
14 by an amount approved by a majority of legal voters voting on
15 the issue at a primary, general, or special election called for
16 such purpose upon the recommendation of the board or upon the
17 receipt by the county clerk or election commissioner of a petition
18 requesting an election, signed by at least five percent of the
19 legal voters of the district. The recommendation of the board or
20 the petition of the legal voters shall include the amount by which
21 the board would increase its general fund budget of expenditures
22 for the ensuing school year over and above the maximum general
23 fund budget of expenditures minus the special education budget of
24 expenditures prescribed in section 79-1023. The county clerk or
25 election commissioner shall place the question on the primary or
26 general election ballot or call for a special election on the
27 issue after the receipt of such board recommendation or legal voter

1 petition. The election shall be held pursuant to the Election Act
2 or section 77-3444, and all costs for a special election shall be
3 paid by the district. A vote to exceed the applicable allowable
4 growth rate may be approved on the same question as a vote to
5 exceed the levy limits provided in section 77-3444.

6 Sec. 44. Section 79-1031.01, Revised Statutes Supplement,
7 2007, is amended to read:

8 79-1031.01 The Appropriations Committee of the
9 Legislature shall annually include the amount necessary to fund the
10 state aid that will be certified to school districts on or before
11 February 15, 2007, April 30, 2008, and on or before February 1 for
12 each ~~ensuing~~ school year thereafter in its recommendations to the
13 Legislature to carry out the requirements of the Tax Equity and
14 Educational Opportunities Support Act.

15 Sec. 45. Section 79-1065.02, Revised Statutes Cumulative
16 Supplement, 2006, is amended to read:

17 79-1065.02 (1) State aid payments shall be adjusted to
18 reflect transfers of property due to annexation, to any dissolution
19 of a Class I school district, and to any reorganization involving
20 one or more Class I school districts.

21 (2) This section applies whenever:

22 (a) A Class I school district dissolves or reorganizes
23 in such a manner that the parcels of property making up the Class
24 I district prior to the dissolution or reorganization which were
25 affiliated with a Class II, III, IV, or V school district do not
26 become part of the Class II, III, IV, or V school district with
27 which such parcels of property were affiliated; or

1 (b) Property within the boundaries of a Class II, III,
2 IV, V, or VI school district is transferred to another school
3 district due to a change in the school district boundaries in
4 response to annexation of the transferred property by a city or
5 village.

6 (3) To qualify for additional state aid pursuant to
7 this section, the school district from which property is being
8 transferred shall apply on a form prescribed by the State
9 Department of Education on or before August 20 preceding the first
10 school fiscal year for which the property will not be available for
11 taxation for the school district's general fund levy. On or before
12 such deadline, the applicant school district shall send copies of
13 the application to the high school districts of the local systems
14 receiving valuation in the transfer. For purposes of this section,
15 property is deemed transferred from the school district whether the
16 property was within the boundaries of the school district or the
17 property was affiliated with the school district.

18 (4) Upon receipt of the application, the department, with
19 the assistance of the Property Tax Administrator, shall calculate
20 the amount of additional state aid, if any, that the local system,
21 as defined in section 79-1003, for the applicant school district
22 would have received for such school fiscal year if the adjusted
23 valuation for the transferred property had not been included in
24 the adjusted valuation of such local system, or if the assessed
25 valuation for the transferred property had not been included in the
26 assessed valuation of such local system, as appropriate, for the
27 calculation of state aid for such school fiscal year. On or before

1 September 20 of such school fiscal year, the department shall
2 certify to the applicant school district the amount of additional
3 state aid, if any, the district will receive. Except as otherwise
4 provided in this subsection, if such applicant school district
5 receives a lump-sum payment pursuant to subsection (2) of section
6 79-1022, such lump-sum payment shall be increased by the amount
7 of additional state aid. Except as otherwise provided in this
8 subsection, if such applicant school district does not receive a
9 lump-sum payment pursuant to such subsection, state aid payments
10 shall be increased by one-tenth of the amount of additional state
11 aid for each of the ten state aid payments for such school fiscal
12 year. If a portion of the total reduction calculated pursuant
13 to subsection (5) of this section for local systems receiving
14 valuation in the transfer of property that is the subject of the
15 application is delayed until future years, the additional state aid
16 to be paid in the school fiscal year described in subsection (3) of
17 this section shall be reduced by the amount of the total reduction
18 that is delayed until future years. The amount of the reduction
19 shall be paid as additional aid in the next school fiscal year.

20 (5) The state aid payments shall be reduced for the high
21 school district of each receiving local system. An amount equal to
22 the additional state aid calculated pursuant to subsection (4) of
23 this section for the local system of an applicant school district
24 shall be attributed to the local systems receiving valuation
25 in such transfer based upon the ratio of the adjusted assessed
26 valuation received by each local system divided by the total
27 adjusted assessed valuation transferred from the applicant school

1 district. If such high school district receives a lump-sum payment
2 pursuant to subsection (2) of section 79-1022, such lump-sum
3 payment shall be reduced by the amount attributed to the receiving
4 local system. If the high school district of a receiving local
5 system does not receive a lump-sum payment pursuant to such
6 subsection, state aid payments shall be reduced by one-tenth of
7 the amount attributed to such receiving local system for each of
8 the ten state aid payments for such school fiscal year. If the
9 total reduction is greater than the total state aid payments for
10 such school fiscal year, the remainder shall be subtracted from
11 state aid payments in future school fiscal years until the total
12 reduction has been subtracted from state aid payments. On or before
13 September 20 of such school fiscal year, the department shall
14 certify to the high school district of the receiving local system
15 the amount of the reduction in state aid.

16 (6) For purposes of the final calculation of state aid
17 pursuant to section 79-1065, the adjusted valuation, or assessed
18 valuation, depending on which was used in the calculation of state
19 aid, of the property that was transferred shall also be transferred
20 for purposes of adjusted valuation or assessed valuation, as
21 appropriate for the final calculation of state aid. For determining
22 adjustments in state aid pursuant to section 79-1065, the final
23 calculation of state aid shall be compared to the state aid
24 certified for such school fiscal year combined with any adjustments
25 in state aid payments and transfers from other districts pursuant
26 to this section.

27 Sec. 46. Section 79-1073, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1073 On or before October 1 for each year, each
3 learning community coordinating council shall determine the
4 expected amounts to be distributed to each member school district
5 from general fund property tax receipts pursuant to subdivision
6 (2) (b) of section 77-3442 and shall certify such amounts to each
7 member school district and the State Department of Education.
8 Such property tax receipts shall be divided among member school
9 districts proportionally based on the difference of one hundred
10 percent of the school district's formula need calculated pursuant
11 to section ~~79-1007.02~~ 10 of this act minus the sum of the state aid
12 certified pursuant to section 79-1022 and the other actual receipts
13 included in local system formula resources pursuant to section
14 79-1018.01 for the school fiscal year for which the distribution is
15 being made, except that no school district shall receive property
16 tax receipts in excess of the lesser of such difference or the
17 school district's property tax request submitted to the learning
18 community coordinating council.

19 Each time a learning community coordinating council
20 distributes property tax receipts to member school districts,
21 the amount to be distributed to each district shall be proportional
22 based on the total amounts to be distributed to each member school
23 district for the school fiscal year.

24 Sec. 47. Section 79-1083.03, Revised Statutes Supplement,
25 2007, is amended to read:

26 79-1083.03 For school fiscal years prior to school fiscal
27 year 2008-09:

1 (1) (a) If the primary high school district designated
2 pursuant to section 79-1083.02 is a Class VI district, the Class I
3 district's total allowable general fund budget of expenditures
4 minus the special education budget of expenditures shall be
5 determined by the school board of such Class VI district and
6 shall be certified to the Class I district on or before ~~June~~
7 ~~24, 2003,~~ and ~~on or before~~ March 1 each year thereafter for the
8 following school fiscal year; and-

9 (b) The Class VI primary high school district shall
10 certify the total allowable general fund budget of expenditures
11 minus the special education budget of expenditures for the Class I
12 district to the State Department of Education on or before ~~August~~
13 ~~1, 2003,~~ and ~~on or before~~ April 20 each year thereafter. April 20;

14 (2) If the primary high school district is not a Class
15 VI district, the Class I district's total allowable general fund
16 budget of expenditures minus the special education budget of
17 expenditures shall be determined by the department as follows and
18 certified on or before ~~June 15, 2003,~~ and ~~on or before~~ February 1
19 each year thereafter, for the following school fiscal year:

20 (a) The total allowable general fund budget of
21 expenditures minus the special education budget of expenditures
22 for the Class I district in the school fiscal year immediately
23 preceding the school fiscal year for which the budget is prepared
24 shall be divided by the formula students in the Class I district
25 as defined in section 79-1003, and the result shall be increased
26 by the applicable allowable growth rate for the primary high
27 school district's local system for the ensuing school fiscal year

1 calculated pursuant to section 79-1026 as determined on or ~~before~~
2 ~~June 15, 2003,~~ and on or ~~before~~ February 1 each year thereafter, of
3 the school fiscal year immediately preceding the school fiscal year
4 for which the budget is prepared;

5 (b) The total allowable general fund budget of
6 expenditures minus the special education budget of expenditures
7 for the primary high school district in the school fiscal year
8 immediately preceding the school fiscal year for which the budget
9 is prepared shall be divided by the formula students as defined
10 in section 79-1003 in the primary high school district weighted
11 by the grade weighting factors contained in subdivision (1)(a)
12 of section 79-1007.01, and the result shall be multiplied by the
13 kindergarten through grade eight formula students as defined in
14 section 79-1003 weighted by the grade weighting factors contained
15 in subdivision (1)(a) of section 79-1007.01 to calculate the total
16 allowable general fund budget of expenditures minus the special
17 education budget of expenditures for kindergarten through grade
18 eight in the primary high school district. The total allowable
19 general fund budget of expenditures minus the special education
20 budget of expenditures for kindergarten through grade eight shall
21 be divided by the kindergarten through grade eight formula students
22 without weighting. The result shall be increased by the applicable
23 allowable growth rate for the primary high school district's local
24 system for the ensuing school fiscal year calculated pursuant to
25 section 79-1026 as determined ~~on or before June 15, 2003,~~ and on or
26 before February 1 each year thereafter, of the school fiscal year
27 immediately preceding the school fiscal year for which the budget

1 is prepared;

2 (c) The amounts calculated in subdivisions (2)(a) and
3 (2)(b) of this section shall be summed and the result divided
4 by two to arrive at the total allowable general fund budget of
5 expenditures minus the special education budget of expenditures per
6 formula student for the Class I district; and

7 (d) The total allowable general fund budget of
8 expenditures minus the special education budget of expenditures per
9 formula student for the Class I district shall be multiplied by
10 the formula students as defined in section 79-1003 for the Class
11 I district as used by the department for certification of the
12 ensuing school fiscal year's state aid, and the result shall be
13 the total allowable general fund budget of expenditures minus the
14 special education budget of expenditures for the Class I district
15 for the ensuing school fiscal year except as provided in ~~subsection~~
16 subdivision (3) of this section; ~~-~~

17 (3)(a) The school board of the Class I district may,
18 ~~on or before July 1, 2003, and on or before March 10, each year~~
19 ~~thereafter,~~ submit a request to exceed the total allowable general
20 fund budget of expenditures minus the special education budget of
21 expenditures to all the school boards of the high school district
22 or districts with which the Class I district is affiliated or of
23 which it is a part. For Class I districts to exceed the total
24 allowable general fund budget of expenditures minus the special
25 education budget of expenditures, the total general fund budget of
26 expenditures request shall be approved by high school districts,
27 including the primary high school district, such that the portions

1 of the Class I district that are affiliated with or part of the
2 approving high school districts comprise at least two-thirds of
3 the assessed valuation of the Class I district. Such request shall
4 specify the total general fund budget of expenditures, broken down
5 by expenditures for special education, for regular education, and
6 for special grant funds as defined in section 79-1003, for which
7 the Class I district seeks authority; and-

8 (b) The high school district shall approve or deny the
9 request ~~on or before July 15, 2003,~~ and on or before April 10 each
10 year thereafter following the receipt of such request and shall
11 forward written notification to the Class I district of approval
12 or denial. A request for additional budget authority shall be
13 considered approved if (i) no action is taken by the high school
14 district or (ii) the high school district fails to send written
15 notification to the Class I district of the denial of a request for
16 additional budget authority;-

17 (4) The school board of a Class I district may, after
18 October 15 of each year, amend the general fund budget of
19 expenditures (a) by increasing the special education budget of
20 expenditures, (b) for any special grant funds as defined in section
21 79-1003 received any time during a school fiscal year, or (c) for
22 current fiscal year expenditures the board deems essential if the
23 expenditures could not reasonably have been anticipated at the time
24 the budget for the current year was adopted. A copy of the revised
25 budget shall be filed pursuant to subsection (4) of section 13-511
26 and section 79-1024;-

27 (5) All Class I districts shall certify the items

1 required by subsection (1) of section 13-508 to all of their
2 high school districts on or before August 1; ~~and-~~

3 (6) All primary high school districts shall certify to
4 the department and all other affected districts, ~~on or before~~
5 ~~August 1, 2003, and on or before April 20, each year thereafter,~~
6 the approved total general fund budget of expenditures for a Class
7 I district when the Class I district has requested to exceed its
8 certified budget authority and the request has been approved.

9 Sec. 48. Section 79-1229, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 79-1229 (1) On or before January 31 of each year, the
12 administrator of each educational service unit shall submit to
13 the Commissioner of Education a report described as the annual
14 financial report showing (a) the amount of money received from all
15 sources during the year and the amount of money expended by the
16 educational service unit during the year, (b) other information
17 as necessary to fulfill the requirements of sections 79-1241
18 and 79-1243, and (c) such other information as the commissioner
19 directs.

20 (2) The board of each educational service unit shall
21 cause a complete and comprehensive annual audit to be made of the
22 books, accounts, records, and affairs of the educational service
23 unit. The audits shall be conducted annually, except that the
24 Auditor of Public Accounts may determine an audit of less frequency
25 to be appropriate but not less than once in any three-year period.
26 The board of each educational service unit may contract with the
27 Auditor of Public Accounts or select a licensed public accountant

1 or certified public accountant or firm of such accountants to
2 conduct the audit and shall be responsible for the cost of the
3 audit pursuant to the contract. Such audit shall be conducted in
4 the same manner as audits of county officers. The original copy of
5 the audit shall be filed in the office of the Auditor of Public
6 Accounts.

7 Sec. 49. Section 79-1241.03, Revised Statutes Supplement,
8 2007, is amended to read:

9 79-1241.03 For school fiscal year 2008-09 and each school
10 fiscal year thereafter:

11 (1) One percent of the funds appropriated for core
12 services and technology infrastructure shall be transferred to
13 the Educational Service Unit Coordinating Council. The remainder
14 of such funds shall be distributed pursuant to subdivisions (2)
15 through (6) of this section;

16 (2)(a) The distance education and telecommunications
17 allowance for each educational service unit shall equal eighty-five
18 percent of the difference of the costs for telecommunications
19 services, for access to data transmission networks that transmit
20 data to and from the educational service unit, and for the
21 transmission of data on such networks paid by the educational
22 service unit as reported on the annual financial report for the
23 most recently available complete data year minus the receipts from
24 the federal Universal Service Fund pursuant to 47 U.S.C. 254,
25 as such section existed on January 1, 2007, for the educational
26 service unit as reported on the annual financial report for the
27 most recently available complete data year and minus any receipts

1 from school districts or other educational entities for payment
2 of such costs as reported on the annual financial report of the
3 educational service unit;

4 (b) The base allocation of each educational service unit
5 shall equal two and one-half percent of the funds appropriated for
6 distribution pursuant to this section;

7 (c) The satellite office allocation for each educational
8 service unit shall equal one percent of the funds appropriated
9 for distribution pursuant to this section for each office of
10 the educational service unit, except the educational service unit
11 headquarters, up to the maximum number of satellite offices. The
12 maximum number of satellite offices used for the calculation of
13 the satellite office allocation for any educational service unit
14 shall equal the difference of the ratio of the number of square
15 miles within the boundaries of the educational service unit divided
16 by four thousand minus one with the result rounded to the closest
17 whole number;

18 (d) The statewide adjusted assessed valuation shall equal
19 the total adjusted assessed valuation for all local systems
20 pursuant to section 79-1016 used for the calculation of state
21 aid for school districts pursuant to the Tax Equity and Educational
22 Opportunities Support Act for the school fiscal year for which the
23 distribution is being calculated pursuant to this section;

24 (e) The adjusted assessed valuation for each educational
25 service unit shall equal the total adjusted assessed valuation of
26 the member school districts pursuant to section 79-1016 used for
27 the calculation of state aid for school districts pursuant to the

1 act for the school fiscal year for which the distribution is being
2 calculated pursuant to this section;

3 (f) The local effort rate shall equal ~~0.0135~~ 0.01425
4 per one hundred dollars of ~~adjusted~~ assessed valuation;

5 (g) Except as provided in subdivision (5) of this
6 section, the statewide student allocation shall equal the
7 difference of the sum of the amount appropriated for distribution
8 pursuant to this section plus the product of the statewide ~~adjusted~~
9 assessed valuation multiplied by the local effort rate minus
10 the distance education and telecommunications allowance, base
11 allocation, and satellite office allocation for all educational
12 service units;

13 (h) The sparsity adjustment for each educational service
14 unit shall equal the sum of one plus one-tenth of the ratio of the
15 square miles within the boundaries of the educational service unit
16 divided by the fall membership of the member school districts for
17 the school fiscal year immediately preceding the school fiscal year
18 for which the distribution is being calculated pursuant to this
19 section;

20 (i) The adjusted students for each educational service
21 unit shall equal the fall membership of the member school districts
22 for the school fiscal year immediately preceding the school fiscal
23 year for which aid is being calculated pursuant to this section
24 multiplied by the educational service unit sparsity adjustment;

25 (j) The per student allocation shall equal the statewide
26 student allocation divided by the total adjusted students for all
27 educational service units;

1 (k) The student allocation for each educational service
2 unit shall equal the per student allocation multiplied by the
3 adjusted students for the educational service units;

4 (1) The needs for each educational service unit shall
5 equal the sum of the distance education and telecommunications
6 allowance, base allocation, satellite office allocation, and
7 student allocation for the educational service unit; and

8 (m) The distribution of core services and technology
9 infrastructure funds for each educational service unit shall equal
10 the needs for each educational service unit minus the product of
11 the adjusted assessed valuation for the educational service unit
12 multiplied by the local effort rate;

13 (3) If an educational service unit is the result of
14 a merger or received new member school districts from another
15 educational service unit, such educational service unit shall,
16 for each of the three fiscal years following the fiscal year in
17 which the merger takes place or the new member school districts
18 are received, receive core services and technology infrastructure
19 funds pursuant to subdivisions (2) through (6) of this section
20 in an amount not less than the core services and technology
21 infrastructure funds received in the fiscal year immediately
22 preceding the merger or receipt of new member school districts,
23 except that if the total amount available to be distributed
24 pursuant to subdivisions (2) through (6) of this section for such
25 year is less than the total amount distributed pursuant to such
26 subdivisions or sections 79-1241 and 79-1243 for the immediately
27 preceding fiscal year, the minimum core services and technology

1 infrastructure funds for each educational service unit pursuant to
2 this subdivision shall be reduced by a percentage equal to the
3 ratio of the difference of the total amount distributed pursuant
4 to subdivisions (2) through (6) of this section or sections
5 79-1241 and 79-1243 for the immediately preceding fiscal year
6 minus the total amount available to be distributed pursuant to
7 subdivisions (2) through (6) of this section for the fiscal year
8 in question divided by the total amount distributed pursuant to
9 subdivisions (2) through (6) of this section or sections 79-1241
10 and 79-1243 for the immediately preceding fiscal year. The core
11 services and technology infrastructure funds received in the fiscal
12 year immediately preceding a merger or receipt of new member
13 school districts for an educational service unit shall equal the
14 amount received in such fiscal year pursuant to subdivisions (2)
15 through (6) of this section or sections 79-1241 and 79-1243 by any
16 educational service unit affected by the merger or the transfer
17 of school districts multiplied by a ratio equal to the valuation
18 that was transferred to or retained by the educational service unit
19 for which the minimum is being calculated divided by the total
20 valuation of the educational service unit transferring or retaining
21 the territory;

22 (4) For fiscal years 2008-09 through 2013-14, each
23 educational service unit shall receive core services and technology
24 infrastructure funds under this section in an amount not less
25 than ninety-five percent of the total of the core services and
26 technology infrastructure funds that the educational service unit
27 received in the immediately preceding fiscal year either pursuant

1 to subdivisions (2) through (6) of this section or pursuant to
2 sections 79-1241 and 79-1243, except that if the total amount
3 available to be distributed pursuant to subdivisions (2) through
4 (6) of this section for such year is less than the total amount
5 distributed pursuant to such subdivisions or sections 79-1241 and
6 79-1243 for the immediately preceding fiscal year, the minimum core
7 services and technology infrastructure funds for each educational
8 service unit pursuant to this subdivision shall be reduced by
9 a percentage equal to the ratio of the difference of the total
10 amount distributed pursuant to subdivisions (2) through (6) of
11 this section or sections 79-1241 and 79-1243 for the immediately
12 preceding fiscal year minus the total amount available to be
13 distributed pursuant to subdivisions (2) through (6) of this
14 section for the fiscal year in question divided by the total
15 amount distributed pursuant to subdivisions (2) through (6) of
16 this section or sections 79-1241 and 79-1243 for the immediately
17 preceding fiscal year;

18 (5) If the minimum core services and technology
19 infrastructure funds pursuant to subdivision (3) or (4) of this
20 section for any educational service unit exceed the amount that
21 would otherwise be distributed to such educational service unit
22 pursuant to subdivision (2) of this section, the statewide student
23 allocation shall be reduced such that the total amount to be
24 distributed pursuant to this section equals the appropriation
25 for core services and technology infrastructure funds and no
26 educational service unit receives less than the greater of any
27 minimum amounts calculated for such educational service unit

1 pursuant to subdivisions (3) and (4) of this section; and

2 (6) The State Department of Education shall certify the
3 distribution of core services and technology infrastructure funds
4 pursuant to subdivisions (2) through (6) of this section to each
5 educational service unit on or before July 1, 2008, for school
6 fiscal year 2008-09 and on or before July 1 of each year thereafter
7 for the following school fiscal year. Any funds appropriated for
8 distribution pursuant to this section shall be distributed in ten
9 as nearly as possible equal payments on the first business day
10 of each month beginning in September of each school fiscal year
11 and ending in June. Funds distributed pursuant to this section
12 shall be used for core services and technology infrastructure with
13 the approval of representatives of two-thirds of the member school
14 districts of the educational service unit, representing a majority
15 of the students in the member school districts.

16 Sec. 50. Original sections 79-1022.02, 79-1023, 79-1029,
17 and 79-1229, Reissue Revised Statutes of Nebraska, sections 79-233,
18 79-1008.01, 79-1009, 79-1010, and 79-1065.02, Revised Statutes
19 Cumulative Supplement, 2006, and sections 77-1327, 77-3442,
20 79-4,108, 79-1001, 79-1003, 79-1003.01, 79-1007.02, 79-1007.04,
21 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09, 79-1007.10,
22 79-1008.02, 79-1013, 79-1014, 79-1015.01, 79-1016, 79-1018.01,
23 79-1022, 79-1028, 79-1031.01, 79-1073, 79-1083.03, and 79-1241.03,
24 Revised Statutes Supplement, 2007, are repealed.

25 Sec. 51. The following sections are outright repealed:
26 Section 79-1009.01, Reissue Revised Statutes of Nebraska, and
27 section 79-1007.03, Revised Statutes Supplement, 2007.

1 Sec. 52. Since an emergency exists, this act takes effect
2 when passed and approved according to law.